

# Inside EasCorp



## INSIDE

You are Invited to EasCorp's 46 <sup>th</sup> Annual Meeting .....	1
Revisions to FRB Operating Circular 3 Clarify Handling of Treasury Checks .....	2
Massachusetts and Credit Unions Kids at Heart® Recognize Moyamoya Day .....	2
Cornerstone Advisors' Banking Predictions for 2024 .....	3
Latest Fed Meeting Signals Rate Cut Pushed Off, Investment Tapering is Coming .....	4
FedNow® Service Settlement .....	4
Vertifi® Software to Attend Alkami Co:lab Conference in April .....	4
DeposZip® Remote Deposit Capture Helpful Tips and Tricks .....	5
Upcoming Events .....	5

## You are Invited to EasCorp's 46<sup>th</sup> Annual Meeting

A special delivery is on the way; your invitation to EasCorp's Annual Meeting and Member Conference will arrive soon, and registration for the event is now open online. Our event will be held at the well-appointed Conference Center at Waltham Woods on Tuesday, May 14, 2024. We redesigned our event to include time for networking and celebration with your peers in addition to our regularly included topics. Beginning at 1:30 p.m. ET, the afternoon event will begin with our business meeting and will end with a reception.

EasCorp's Annual Meeting is held for *you*, our members, to provide a forum for discussion and discovery. Come meet EasCorp's Board of Directors, its committee members, and its executives of both EasCorp's and Vertifi Software's management teams. You'll receive updates on both companies' strategies, financial performance, new technology developments, and activities; participate in elections for the upcoming year; and learn about the remarkable philanthropic work of Credit Unions Kids at Heart. As previously shared, our keynote address will be presented by Usama Fayyad, Ph.D., Executive Director of the Institute for Experiential Artificial Intelligence at Northeastern University.

Members in attendance will also receive a sneak peek at EasCorp's and Vertifi's new corporate brands, even as the expressions of these concepts are still in development. You will hear about the new websites that will provide a better user experience and showcase our exceptional services and valued partnerships. The launch of these websites is several months away, so this is your chance to get an early look.

To register for the Annual Meeting or to view the full agenda, visit the News and Events page of our website at [www.eascorp.org](http://www.eascorp.org). Registration is \$75 per person. Credit union officials who wish to attend the business meeting only may do so free of charge. For more information, please contact us at [general@eascorp.org](mailto:general@eascorp.org) or 800.428.1144.

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## Revisions to FRB Operating Circular 3 Clarify Handling of Treasury Checks

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Effective March 18, 2024, the Federal Reserve Bank will update its procedures for handling checks drawn on the United States Treasury ("government checks") as outlined in Appendix A of Operating Circular 3, Collection of Cash Items and Returned Checks. According to a notice issued in February, "The revisions are designed to address recent changes that the Treasury Department's Bureau of Fiscal Service made to regulations that govern Treasury checks to include notice to financial institutions when Treasury has stopped payment on a check."

Minor text edits were made throughout the appendix. The most significant procedural changes were to section 3 of Appendix A which begins by reminding readers that "the expeditious return and notice of nonpayment requirements of Regulation CC do not apply to government checks." The revised language will now better define how the Federal Reserve will adjust or return government checks based on Treasury instructions. For example, the Treasury will notify the Federal Reserve Bank about its refusal of payment if the check is older than one year from issue, if payee is deceased, or if the item is counterfeit, was stopped, or is otherwise canceled.

Please note: Continued use of Federal Reserve Bank services on or after March 18, 2024, constitutes agreement to the Operating Circular 3 amendments. For more information, please see the full Redlined Version PDF available on the Fed's website at [www.frbervices.org](http://www.frbervices.org) or, if you have any questions, please contact the Implementations and Support department ([support@vertifi.com](mailto:support@vertifi.com)) at 800.428.1144, Ext. 2

\*The link above is a direct link to open a PDF of the Redlined Version of the Federal Reserve Bank's Operating Circular 3, dated March 18, 2024. This file will be available online for a limited time, after which only the final version will be available.

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## Massachusetts and Credit Unions Kids at Heart® Recognize Moyamoya Day

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On December 20, 2022, former Massachusetts Governor Charles Baker signed a law designating May 6 as Moyamoya Disease Awareness Day in the Commonwealth. Moyamoya is a rare and progressive neurological disease in which the blood vessels that supply blood to the brain narrow, greatly reducing blood flow and putting the patient at risk for stroke. These strokes can be severe—causing long term effects including cognitive and sensory impairments, communication disorders, visual disturbances, behavioral problems—or even fatal. Recognition by the Commonwealth of the impact and risks of Moyamoya disease is the result of nearly a decade of advocacy efforts by Credit Unions Kids at Heart® and its Patient Partner families.

Monday, May 6, 2024, marks the second year of observance, and CU Kids at Heart and its Participating Credit Unions will again organize awareness-raising activities throughout Massachusetts. Your help is needed to spread the word on and before May 6, Moyamoya Disease Awareness Day—for those living with this rare disease and their families and for the medical community seeking a cure. Activities may include: local proclamations and observances; workplace activities, including wearing blue or distributing educational resources; bridge and building lightings; and press or social media coverage. Donations to CU Kids at Heart may be earmarked for Moyamoya research conducted at Boston Children's Hospital by CU Kids at Heart teammate and research investigator Dr. Edward Smith. Additionally, this year, community and municipal credit unions are invited to join CU Kids at Heart in outreach initiatives specifically aimed at first responders.

If you or your credit union would like to participate or would like to make a donation toward the Team's Moyamoya research initiatives, please contact Deirdre Zaccagnini ([cukidsatheart@eascorp.org](mailto:cukidsatheart@eascorp.org)) at 800.428.1144, Ext. 3347.

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## Cornerstone Advisors' Banking Predictions for 2024

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Ancient Greek philosopher Heraclitus is credited with the concept that “the only constant is change.” His fitting observations of the natural world centuries ago resonate as we look at today's economic landscape. A case in point: at the outset of 2024, many economists expected the Federal Reserve to cut interest rates throughout the year, beginning as early as March. By mid-February, however, traders ratcheted down their expectations, suggesting no cuts before July, and, after a report showed that inflation remains sticky in the U.S., Treasury yields soared. Two months into the year, and already our only market "constant" is change.

Credit union management remains vigilant not to overreact to a landscape shifting on many fronts. To help credit unions understand and navigate industry trends, strategy consultants Cornerstone Advisors\* produce an annual report on the challenges and opportunities facing financial institutions. The wide-ranging study covers the outlook for 2024 and the likelihood of an economic recession. It includes quotes by financial institution peers on the economy, liquidity and margins, industry dynamics, and the regulatory environment.

The 2024 report, *What's Going On In Banking 2024: Finding the Next Wave to Ride* (and yes, the Marvin Gaye reference is intentional!), dovetails on the 2023 report, *Fighting the Headwinds, Riding the Tailwinds*, which posited that financial institutions "were fighting headwinds like the interest rate environment, staffing challenges, and competitive threats from fintechs." To varying degrees, these predictions were realized. Higher deposit costs pressured net interest margins, rising rates added to unrealized losses on bond portfolios, and heavy concentrations in commercial real estate required an increase in loan loss reserves if losses were expected. The report's author, noted fintech expert Rob Shevlin, states, “For 2024, smart banks and credit unions will be looking for the next wave to ride towards a new future and destination. The headwinds aren't behind us, however, as economic conditions are still uncertain.”

The report notes that the FedNow® Service continues to gain traction and remains a leading priority for banks and credit unions. It states, “if their plans come to fruition, by the end of 2024, 50% of banks and credit unions will be up and running with RTP [real-time payments]. Roughly half of financial institutions plan to offer RTP through FedNow.”

Another hot topic is artificial intelligence\*\* which is expected to be adopted in various areas of financial services and promises exciting developments in the coming year. They claim, “among banks, 16% plan to make first-time investments in robotic process automation (RPA), and 13% plan to deploy chatbots for the first time. The percentage using machine learning would double if plans to implement the technology come to fruition, while the percentage planning to experiment with generative AI is double the percentage already using it.” Cornerstone goes on to say, “credit unions are planning even more aggressive adoption of AI, with nearly 3 in 10 planning investments in chatbots, 1 in 5 planning to deploy RPA, and about a quarter to test generative AI tools.”

The full 45-page report is illustrated with useful graphs and charts, and includes sections on competitive threats; liquidity, funding, and deposit trends; and much more. It can be downloaded free of charge on the Cornerstone Advisors website at [www.crnstone.com](http://www.crnstone.com)\*\*\*

\* EasCorp and Vertifi Software, LLC, are not affiliated, associated, authorized, endorsed by, or in any way officially connected to Cornerstone Advisors.

\*\* Don't miss EasCorp's Annual Meeting keynote address, *Banking on the Extraordinary: The Enormous Potential of AI in Finance*, this May.

\*\*\* The link above is a direct link to the Cornerstone Advisors website. The survey sample for the report included 359 respondents from financial institutions, 92% of whom work for financial institutions in the \$250 million to \$50 billion asset range. Fifty-four percent of respondents were from banks, and 46% from credit unions.

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## Latest Fed Meeting Signals Rate Cut Pushed Off, Investment Tapering is Coming

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The recently released minutes of the last Federal Open Market Committee (FOMC) meeting held from January 30 to 31, 2024, showed that while Fed officials are pleased with the way that economic inflation began slowing in 2023, they are in no hurry to begin easing rates. At the press conference following the meeting, Federal Reserve Chair Jerome Powell backed up this argument stating that inflation still "remains above our longer-run goal of 2 percent," and that the first rate change since July 2023 would not happen "anytime soon."

Also of note in the meeting was the news that the FOMC may soon begin to slow the rate of their monthly bond sales that began in June 2022, while preparing to end this process entirely. Since this "quantitative tightening" began, the Fed's balance sheet has shrunk from \$9 trillion to \$7.7 trillion. The FOMC has stated in the past that it will continue to reduce its balance sheet until balances are at a level deemed "ample reserves." Economists' expectations of when quantitative tightening will end range from November of this year to the first quarter of 2025.

Since the release of the minutes and with slowing inflation numbers, a rate cut at the March meeting is off the table, and the expectations for a cut in May 2024 also have dropped significantly. While no one at the FOMC is predicting a recession anymore, a slowdown in GDP is still expected. The minutes noted that most participants "noted the risk of moving too quickly to ease the stance of policy." If an economic slowdown occurs, and the level of severity if it does, will be the determining factors for when the FOMC will be ready to begin easing.

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

### FedNow® Service Settlement

Did you know that EasCorp offers an instant payments settlement solution? You'll have visibility into your FedNow® Service transactions 24/7/365, and administrative tools for easy balancing and liquidity management. No matter your FedNow® Service integration partner, or whether or not you have your own Federal Reserve Master Account, you may select EasCorp for settlement.

To better understand the operational and liquidity requirements for adopting the FedNow® Service, watch EasCorp's 2023 Instant Payments Academy, available behind Ease-Link for authorized users. This four-part series is an excellent primer on this new instant payments rail.

To learn more, contact Michael O'Brien at 800.428.1144, Ext. 3324 or [mobrien@eascorp.org](mailto:mobrien@eascorp.org).

### Vertifi Software to Attend Alkami Co:lab Conference this April

Members of Vertifi Software's Business Development team will be attending *Alkami Co:lab*, a three-day banking and tech innovation conference hosted by the digital banking provider. The event is held on April 8-10, 2024, in Grapevine, Texas. Vertifi has worked with Alkami since 2015. Vertifi's DeposZip® Remote Deposit Capture (RDC) service is seamlessly integrated into Alkami's digital banking platform and is now in use by dozens of Alkami customers. If you're in attendance, stop by our booth to see how Vertifi can help your financial institution achieve digital banking excellence. Or schedule a consultation now at [sales@vertifi.com](mailto:sales@vertifi.com) for more information about Vertifi's RDC or instant payments solutions, both of which can be seamlessly integrated into mobile banking platforms.



## Remote Deposit Capture Helpful Tips and Tricks

Did you know the Deposit Review Screen of the administrative portal provides valuable information about your member, their risk profile configuration, and their deposit patterns? In addition to scanning for errors, warnings, and alerts related to the item under review, you can view the users' deposit history and check images to look for patterns or anomalies that may indicate repeated user errors, misaligned limits or other settings, or even potential fraudulent behavior. Use this information to make an informed decision whether or not to apply holds to the current check under review or to future checks. Please contact the Implementations and Support department ([support@vertifi.com](mailto:support@vertifi.com)) at 800.428.1144, Ext. 2 to learn more, or email [sales@vertifi.com](mailto:sales@vertifi.com) to schedule a system performance review.

## SAVE THE DATE: UPCOMING EVENTS

EasCorp & Vertifi's SOC 1 and 2  
Reports Review  
Tuesday, March 26, 2024  
Virtual Session

EasCorp's 46<sup>th</sup> Annual Meeting  
& Member Conference  
Tuesday, May 14, 2024  
The Conference Center at Waltham Woods  
860 Winter Street, Waltham, MA

*For more information about the events listed above,  
please call 800.428.1144, Ext. 3300  
or email to [general@eascorp.org](mailto:general@eascorp.org).*

## 2023 Audited Financial Statements

EasCorp's 2023 Audited Financial Statements are now available in the Due Diligence section of the company's website by anyone with an EasCorp- or Vertifi-issued certificate and Due Diligence authorization. Independent auditing firm CliftonLarsonAllen, LLP, performed the audit and provided the Independent Auditor's Report. If you have any questions, please contact Robert Bartol ([rbartol@eascorp.org](mailto:rbartol@eascorp.org)) at 800.428.1144, Ext. 3351.



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