

# Inside EasCorp



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### Q4 Report

EasCorp's 4th Quarter Financial Report is available online in the Due Diligence section of the website for anyone with an EasCorp-issued digital certificate.

EasCorp and Verifi will be closed on Monday, February 20, 2023, in observance of Presidents' Day.

## The Academy Corner



**EasCorp**  
Instant Payments Academy

### Early Adoption Key for Credit Unions Interested in FedNow

In early January, Banker & Tradesman, a weekly trade journal focused on financial news in Massachusetts, interviewed EasCorp's newly appointed President/CEO Cindy Nelson. Their conversation focused on Nelson's first year leading EasCorp and involvement with the Federal Reserve and FedNow. With the service going live between May and July of 2023, Nelson set the stage to why credit unions should begin to prepare now for this new payment rail.

Being an "early mover" will be beneficial for a credit union's brand, Nelson states. As this is the first new payment rail created in the United States in many years, there will be a lot to learn for all institutions and the best way to learn is through the hands-on experience. Members could become impatient if this is something not available to them through their credit union, especially if they have friends and family with the capabilities through other institutions. Becoming an early mover will allow members the freedom to send and/or receive instant payments 24/7/365 with their peers.

EasCorp's Instant Payments Academy has been created far in advance of the live date of FedNow to educate credit unions and allow management staff to develop a plan for their rollout. The first session was completed on January 31, 2023 and there is still time to register for the remaining three sessions. The second session, Use Cases, will take a dive into the ways credit unions can allow their members to use instant payments and discuss the benefits of doing so. These use cases range from splitting lunch with family and friends, to government payments to individuals that will hit their account in real time. The session is scheduled for February 14, 2023 at 2 p.m. ET, and registration can be completed at <https://www.eascorp.org/company/NewsEvents.aspx>.

EasCorp will continue to send reminder notices to member credit unions to sign up for the remaining sessions. If you have any questions or would like any additional information, please contact Michael O'Brien ([mobrien@eascorp.org](mailto:mobrien@eascorp.org)), at 800.428.1144, Ext. 3324.

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## NCUA Letter to Credit Unions

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On January 18, 2023, NCUA issued a Letter to Credit Union detailing their supervisory priorities for 2023. In addition to cybersecurity, fraud prevention, consumer protection, liquidity and credit risk, one of the primary areas of focus this year is how credit unions manage interest rate risk (IRR) in this rapidly rising rate environment. With the “S” for Sensitivity to Market Risk being added to the CAMELS in April of last year, the focus on interest rate risk was separated out from liquidity planning and is sure to be a topic to be discussed with your examiner. NCUA Examiners will be focused on the following aspects of your IRR process:

- Key assumptions and related data sets are reasonable and well documented.
- The credit union’s overall level of IRR exposure is properly measured and controlled.
- Results are communicated to decision-makers and the board of directors.
- Proactive action is taken to remain within safe and sound policy limits.

Best practice dictates that you should have your IRR program and ALM Modeling validated on a regular basis. EasCorp offers two levels of ALM Validation Services. If you would like an expert, independent view of your modeling program focused on the reasonableness of your results given your modeling assumptions, we recommend EasCorp’s Model Validation Service. If you would like to complete a full independent test of the integrity of your credit union’s ALM data handling and modeling based upon our re-performance of calculations, we recommend the Model Validation Plus Service.

To learn more about EasCorp's ALM Validation Services, please contact Kevin Peters (kpeters@eascorp.org) at 800.428.1144, Ext. 3354.

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## Fed’s Beige Book Sees Inflation Settling and Flattened Growth

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In the most recent publication of the Beige Book on January 18, 2023. Federal Reserve economists stated that economic activity was relatively flat or in slight decline. Overall, most respondents expected little to no growth for the next few months. The Beige Book is published eight times a year and collects information through surveys and questionnaires from each of its 12 districts to gauge current economic trends and future expectations.

Overall job growth continues at a moderate pace. Only one district reported a decline, and one other reported no change. Employers continue to struggle to fill open positions. The National Summary states that while demand for their goods and services has declined, firms are hesitating to lay off workers for fear of not being able to rehire trained workers when conditions improve. Most districts reported that selling prices are still higher prices than the last Beige Book, though the rate of increases looks to be slowing from the historic highs in 2021 and the early part of last year. Many respondents reported difficulty in passing on higher costs to consumers. Most respondents believe that prices will continue to level off over the next 12 months.

As for the Boston district, growth remained at a flat pace. Costs not related to labor have fallen considerably. Echoing the National Summary, most firms have no plans to reduce staffing, even those who reported a smaller demand for products. While most retail contacts reported mixed sales, strong gains were reported in tourism with both personal travel and convention activity returning to pre-pandemic levels. The housing market had substantial declines with sales being down 20% to 30% from last year with mortgage rates continuing to rise.

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

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## New Year's Resolution - Review and Update your DeposZip Risk Settings!

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The start of a new year is usually a time when people re-assess various things in their lives and make resolutions for positive change. This can be true of many things in our business lives too. For example, this is a great time to review your DeposZip performance reports to determine if there are areas within your risk settings that can be modified to streamline your RDC activity. In doing so, you may be able to implement some minor adjustments that will make your DeposZip program run smoother for both your staff and your members.

To get started, review your Monthly Statistics reports that are available on the DeposZip Reports tab of the Vertifi Customer Portal (VCP). These reports provide a wealth of information to help determine if your settings and internal procedures are working well, or if there are areas that could be tweaked to improve your overall DeposZip performance. While all of the data in these reports is useful, there are two specific pages that provide the information you need to get the review process started.

Top Deposit Review Reasons – this page provides all that you'll need to identify which of your risk profile settings are causing the most items to land in your DeposZip review queue.

If you are seeing a large number of deposits being held for the same reason (e.g., Per Day/Daily/Rolling 30-Day Deposit Limits, First N Review, Mandatory Review), this is a good time to investigate and evaluate these settings further. This will help to determine if there is some leeway to modify one or more of these settings that will create more efficiency for your DeposZip administrators while continuing to maintain an adequate level of risk protection for your credit union.

A great way to begin this process is to monitor your Review report for a couple of weeks. This report is available on the Deposit Review List screen and provides all of the reasons a specific deposit was held for review. If you determine that a majority of the deposits held were ultimately accepted (i.e., released) by an administrator, it means that your risk settings should probably be adjusted. For example, if a large number of deposits were held for one or more of the deposit limits, this means your administrators deemed these deposits were okay and accepted them. Further, if these deposits were not returned back to you for reasons such as insufficient funds, uncollected funds or some other, more serious reason such as fraudulent, you should strongly consider increasing these limits within your risk profiles. This will allow more deposits to get automatically released, which decreases the number of deposits your staff will need to review on a daily basis, and possibly expedites credit to your member accounts, which is an added benefit and a sign of great service. You can apply a similar analysis to any of the held for review reasons to determine a number of areas where improvements can be made.

Top Deleted Deposit Reasons – this page provides details of all the deposits that were reviewed and ultimately deleted by your DeposZip administrators. If there are a large number of deposits being deleted for reasons such as the Per Day or Daily Deposit Limit, and staff is advising users to redeposit items the next day, this is another sign that you should adjust your deposit limits. If you're willing to accept the same deposit the following day, is it worth the inconvenience to your member and additional work for your staff if the same end result is achieved within 24 hours?

*(continued on page 4)*

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## New Year's Resolution - Review and Update your DeposZip Risk Settings, cont'd

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Another area to look at is whether a lot of deposits are being rejected for endorsement (i.e., lack of a proper “restrictive endorsement”). Consider how many deposits you have taken a loss on for duplicate presentment warranty claims. If this number is small, you should consider adjusting your internal procedures, and/or establishing a dollar threshold for this setting to limit the number of deposits that are being rejected for restrictive endorsement. If you are not experiencing a high volume of losses with regard to these deposits, you know a majority of your members don’t deposit checks at multiple locations, and you are willing to take a risk on lower value checks, making these slight changes to your settings will pay off. Being extremely strict with this feature may seem like you’re protecting your credit union but, if you wind up with a lot of frustrated members, you could be driving those members away if they can make that same deposit at another financial institution with less strict rules for depositing.

At the end of the day, nobody likes to take a loss. However, if your risk settings are too prohibitive this becomes overwhelming for your staff to manage, and creates a lot of friction with your members, so what have you really gained from this service?

A lot of this comes down to know your customer (KYC). If you have great members who you’ve never had an issue with, consider creating risk profiles around this loyalty and loosen up the risk settings to keep those members satisfied. This will make a world of difference to them and your staff who are managing the DeposZip program.

In addition to updating risk profile settings, there are also ways that your credit union can assign risk profiles dynamically. Using one of these methods, when a user logs in to make a deposit, you can automatically place them into a specific risk profile. This creates the efficiency desired while also managing your risk dynamically, depending on the current status of your member’s overall account activity.

To learn more about where to start for reviewing your risk profile settings, you can request a customized consultation for your DeposZip program by reaching out to Joe Bean ([jbean@vertifi.com](mailto:jbean@vertifi.com)) at 800.428.1144, Ext. 3304.

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## ACUSO Spotlight

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The Board of Directors and members of the Association of Credit Union Senior Officers (ACUSO) are pleased to welcome the new year and two new Board members: Tyler Pihl, VP, Enterprise Risk, Service Credit Union, and Karen Wood, CFO/SVP, Triangle Credit Union. Both Tyler and Karen have been appointed to fill the unexpired terms of long-serving directors Wendy Beswick, upon her resignation, and Mark Warner, upon his retirement, respectively.

Our drive for new members continues, and renewal memberships are strong, reflecting greater diversity representation than ever before in the profile of senior officers. New members bring to ACUSO expertise from the fields of information technology, compliance, and risk. Overall, members are geographically dispersed over multiple New England states, including Maine, Massachusetts, New Hampshire, and Vermont, as well as New York, possess assets ranging from \$100 million to \$10 billion. While a strong concentration of members exists in the area of finance, ACUSO has expanded to support a growing membership representing lending, human resources and operations functions.

The release of the ACUSO 2023 Calendar of Events is on its way. In the interim, please do not hesitate to let us know how we may better meet the needs of your credit union. For more information about membership, please inquire at [ACUSO@eascorp.org](mailto:ACUSO@eascorp.org).

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## Credit Unions Kids at Heart Updates

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### Special Announcement: Moyamoya Disease Awareness Day Initiative and Advocacy

As the saying goes, “if at first you don’t succeed try, try again.” That is so us! We are pleased to tell you that, after nine years, the Moyamoya Awareness Day Bill was signed by then Massachusetts Governor, Charles Baker in December, declaring May 6 as Moyamoya Awareness Day in the Commonwealth of Massachusetts from this time forward.

This is a great win for the Credit Unions Kids at Heart Foundation.

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### Credit Unions Kids at Heart Foundation Participating Credit Unions and Donors

Below is a link to the Credit Unions Kids at Heart Foundation's monthly newsletter. We hope that you enjoy reading about recent activities that pursue the Foundation's mission to help all children lead healthy and happy lives.

To read about the Foundation’s mission, please use the following link: [https://www.eascorp.org/files/pdf/kidsatheart\\_newsletter.pdf](https://www.eascorp.org/files/pdf/kidsatheart_newsletter.pdf).

For more than 25 years, Credit Unions Kids at Heart has represented the local credit union community honorably and admirably, and you can be proud of the scientific gains that our donations have enabled for the treatment of pediatric neurological disorders. Indeed, they inspire us to redouble our efforts.

As we begin our second quarter-century of community service, I would greatly appreciate your help either as a Participating Credit Union or with any size donation that is appropriate for you. To join or donate, please contact Jane Melchionda at 800.428.1144, Ext. 3318.

Thank you for your consideration.

### 2023 Participating Credit Unions and Foundations

600 Atlantic FCU • Acushnet FCU  
Arlington Municipal FCU • Beverly Municipal FCU  
Boston Firefighters CU • Cambridge Firefighters FCU  
Chelsea Emp. FCU • City of Boston CU • Coastal1 CU  
Common Trust FCU • Commonwealth Utilities FCU  
Digital FCU • Direct FCU • Dutch Point CU • EasCorp  
Energy CU • Granite State CU • Hanscom FCU  
Holyoke CU • Homefield CU • HTM CU  
Lynn Firemen’s FCU • Marblehead Municipal FCU  
Massachusetts Family CU • Members Plus CU  
Merrimack Valley CU • Methuen FCU  
Middlesex-Essex Postal Emp. FCU • Mills42 FCU  
MIT FCU • NASA FCU  
Plymouth County Teachers FCU • Quincy CU  
Reading Mass Town Emp. FCU • Rockland FCU  
RTN FCU • Service FCU • Somerset FCU  
St. Anne’s CU • St. Anthony of Padua FCU  
St. Jean’s CU Charitable Foundation • St. Mary's CU  
Stewart’s FCU • Stoneham Municipal Emp. FCU  
Tewksbury FCU • Webster First FCU  
Western Connecticut FCU  
We Share A Common Thread Foundation

### 2023 Platinum Sponsors

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### 2023 Corporate Sponsors

Bulkley, Richardson, and Gelinas, LLP • Corpay  
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GT Reilly & Company • Members Mortgage Company  
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## Holiday Coin & Currency Reminder

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In observance of Presidents' Day, all Federal Reserve offices will be closed on Monday, February 20, 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 Friday for Wednesday 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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## UPCOMING EVENTS

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### EasCorp's Instant Payments Academy

Session 2  
Use Cases

Tuesday February 14, 2023

Session 3

Business Considerations, Risk and Fraud

Tuesday March 7, 2023

Session 4

Implementation Considerations

Tuesday March 21, 2023

EasCorp's 45th Annual Meeting &

Partnership Conference

Wednesday, May 31, 2023

Cafe Escadrille, Burlington, MA

*For more information, please call*

*800.428.1144, Ext. 3300*

*or email to [admin@eascorp.org](mailto:admin@eascorp.org).*



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