On February 14, EasCorp held its second Instant Payments Academy course, focused on the many use cases for and member-facing benefits of FedNow Service instant payments. We’re halfway through our four-part series, and the first two programs have received glowing reviews from attendees. Our 3rd and 4th courses will benefit those just beginning to assess their readiness for instant payments and those who are serious about being early adopters of this new payment rail. We encourage you and your staff to register today!

Below we share some of the key takeaways of the series to date:

1. **Instant Payments offer benefits unique to this payments rail.** Initiated and settled within seconds, with funds available for immediate reuse, instant payments will drive efficiencies and improve cash flow relative to cards, checks, and other payment platforms. Because they are irrevocable credit transfers, instant payments offer better control, certainty, and transparency, operating around-the-clock, without lag times, and without risk of insufficient or reversed funds. Instant payments are expected to have immediate applications from auto purchases, mortgage funding, immediate payroll, account to account transfers, new account funding, emergency and other disbursements, and other transaction types better supported in real time.

2. **Ongoing internal and external training is critical.** In the second course, Nicole Dilts, VP of Finance at Michigan State Federal Credit Union, shared insights from her credit union’s experience with instant payments with payments expert and presenter Peter Tapling. When asked what she would do differently if the credit union could go back to the start of their instant payments journey, Dilts replied that she would have invested more in training members and staff on the features and benefits of instant payments.
For members, she recommended frequent outreach on all available channels from website to direct mail and more. Remember, consumers and small businesses are driving demand for instant payments; financial institutions who embrace this convenient, digital-driven form of payment, and communicate this benefit to their members, will have a competitive advantage over their peers. Members using an instant payment platform for the first time will need their financial institution’s guidance to understand the mechanics and implications of making or receiving a payment in real time.

For staff, training can begin long before the decision to adopt an instant payments service and should continue as operational and policy decisions are made and services are launched.

3. Credit unions may choose a FedNow participation type (receive-only, send-and-receive, and request for payment) to meet their needs and the needs of their members. To simplify implementation and reduce risk exposure while still offering members what is expected to be one of the fastest-growing forms of digital payment, some credit unions may select to begin as a receive-only FedNow participant. In the interview in course 2, Dilts recommended that credit unions consider the benefits of starting with send-and-receive, noting that making the implementation one project rather than adding functionality later may save time and money in the long run. Remember that credit unions need not offer origination services immediately, and that the complexity of implementation may be greatly reduced by working with a correspondent and FedNow service provider.

Tapling highlighted that the Bureau of Fiscal Service (BFS), responsible for more than 2/3 of the payments issued by the federal government, is a FedNow Pilot Program participant expected to initiate payments via FedNow Service soon after launch. With the government itself as an early service user, FedNow adoption and volume will climb, and this will inevitably impact your members in its first months. Those who receive payments from the government will expect to see those funds available immediately. Now is the time to consider how joining as a FedNow receive-only participant, if not yet a send-and-receive, can provide value to your members and to your own operations.

As a reminder, materials for all courses are posted to the EasCorp and Vertifi secure portals shortly after they conclude. These are available to be downloaded by authorized users with an EasCorp- or Vertifi-issued digital certificate and may be shared with others on your team.

Instant Payments Academy Course 3: Business Considerations, Risk and Fraud is scheduled for March 7, 2023, at 2 p.m. ET. In what may be the most important course to date, we’ll review the key financial, technological, operational, and risk mitigation considerations. Registration is open at https://www.eascorp.org/company/NewsEvents.aspx; from C-suite to executives to developers, risk managers, finance teams, and operational and support staff, all are encouraged to attend.

If you have any questions or would like additional information regarding EasCorp and Vertifi’s FedNow solutions or the Instant Payments Academy, please contact Michael O’Brien (mobrien@eascorp.org), at 800.428.1144, Ext. 3324.
In the Federal Open Market Committee meeting from February 1, all voting members elected to increase the Fed Funds target rate only 25 basis point to a range of 4.50% to 4.75%, citing slowing inflation. The previous rate hike was 50 basis points. Only a “few” non-voting Committee members pushed for a 50 basis point hike. Additional rationale cited for the smaller increase was that at the time the labor market remained tight, and that a 50 basis point hike might be seen as “overly restrictive.”

Recent economic news seems to have contradicted these beliefs from the meeting just a few weeks ago. First was the jobs report from January, which showed nonfarm payrolls rise by 517,000, far larger than the 187,000 expected consensus, with the unemployment rate falling to 3.4%, the lowest reported number since 1969. Inflation numbers also surprised on the high side, with the Consumer Price Index (CPI) rising 6.4% year over year and 0.5% for the month of January.

A common prediction among economists throughout last year was that a 5.00% target rate was a reasonable target for the Fed Funds rate considering that the Fed worried that going too high would trigger a recession. The inverted Treasury yield curve, usually an early indicator of a recession, has worsened recently with the 6-month to 10-year spread widening to -119 basis points from -23 basis points last August.

Federal Reserve Bank of St. Louis President James Bullard said last week in an interview that this thought of recession was overblown. “I think markets have overpriced a recession in the second half of 2022 and overpriced a recession in the first half of 2023 and maybe they are overpricing the chances of a recession in the second half of 2023,” he said. If employment numbers continue to be strong, the Fed can certainly afford to continue its vigilance in fighting inflation. Currently, the market is pricing in additional 25 basis point rate hikes in March and May.

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

**Fed Minutes Reveal Already Outdated Thinking on Interest Rates Movement**

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**ACUSO Spotlight**

The Board of Directors of the Association of Credit Union Senior Officers (ACUSO) is excited to announce its calendar of events for the 2023 season. Programs have been designed based upon member feedback and will provide expert information on the most pressing issues in the field.

Five sessions are planned to cover such topics as fraud, leadership skills, FedNow and instant payments, and the current regulatory landscape. In addition, ACUSO is also pleased to continue the always popular Meet-the-Regulators program again this year. All meetings held in person at the Massachusetts Health and Hospital Association, 500 District Avenue, Burlington, MA.

The launch of our programming begins on Wednesday, March 29 and is entitled, “Be Aware and Be Prepared for Emerging Fraud.” In an increasingly digital world, fraud attacks targeting financial institutions are a growing threat. An increase in fraud threats means that credit unions must focus on improving their fraud-fighting methods, and awareness of the latest developments in your local communities is the first step. While the number and nature of fraud incidents are far ranging in scope, in this session we will discuss some of the most common recent trends, from romance and investment schemes, to cybersecurity, to financial crimes, to sovereign nation challenges. Register today at https://www.eascorp.org/company/NewsEvents.aspx, collaborate with your peers, and become better aware and prepared to counteract such challenges.

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 programs or membership, please inquire at ACUSO@eascorp.org.
EasCorp and Vertifi Software's service users entrust their business—including their members’ and clients’ data, finances, and brand reputations—to our companies, and we value this responsibility. EasCorp and Vertifi undergo frequent and thorough reviews of business continuity plans, physical security and data security procedures, and platform stability assessments that inform and support current and future initiatives. For operational transparency, the independent audits of financial controls, operating systems, processes and system controls are performed with resulting reports made available to service users on Ease-Link at www.eascorp.org and the Vertifi Customer Portal (VCP) at www.vertifi.com.

Vendors’ Service Organization Control reports, commonly known as SOC reports, are an integral part of financial institutions’ due diligence programs. These reports provide useful information to understand and address the risks associated with using an outsourced service. EasCorp and Vertifi will post the 2022 SOC Reports online on the Due Diligence pages of the companies' websites for authorized users following the SOC 1 and 2 Reports Review and Educational Seminar on Tuesday, March 14, 2023, from 2 p.m. to 3 p.m. ET.

Please note: In recent years, a growing number of EasCorp and Vertifi service users have opted to hire outside consultants to compile and analyze vendor due diligence information, and we are asked by consultants to make certain information available to them for this purpose. Although we wish to cooperate, we are mindful of protecting our companies’ proprietary and confidential information. EasCorp and Vertifi service users may share the companies’ due diligence information with consultants who have executed a confidentiality agreement for this purpose. We encourage authorized users to review the terms and conditions of these agreements when they access the Due Diligence pages online.

For more information, please contact the Implementations and Support Department (support@vertifi.com) at 800.428.1144, Ext. 2.
Credit Unions Kids at Heart Updates

Special Announcement: Moyamoya Disease Awareness Day Initiative and Advocacy

We are delighted to announce that on December 20, 2022, after nine years of advocacy by our team and with the tireless support of State Representative Tram Nguyen, Governor Charles Baker signed Massachusetts House Bill 3211 into law, designating May 6 as Moyamoya Awareness Day in the Commonwealth. This is a significant win for those living with this rare disease and their families, for the medical community seeking a cure, and for the Credit Unions Kids at Heart family.

Research on Moyamoya disease is one of the fundraising initiatives for the Credit Unions Kids at Heart Team. We work with Dr. Edward Smith, a member of the Credit Unions Kids at Heart Team since 2020, first as a researcher and then as a runner, and a leading expert on Moyamoya disease, cerebrovascular disease, and brain tumors. With his team at Boston Children's Hospital, Dr. Smith has refined a novel surgery, the only effective long-term treatment for children with Moyamoya. Dr. Smith and his team perform as many as 50 of these operations a year, in addition to the thousands of minimally invasive procedures they also perform. His research is directly improving the lives of children today. One of Dr. Smith’s patients, Jackson Ciaccio has been a member of the Credit Unions Kids at Heart Team since 2014. At only 17 months old, he suffered a massive stroke and three months later was diagnosed with this progressive brain disease. Jackson underwent multiple life-changing surgeries with Dr. Smith to restore blood flow to his brain.

Today, only a handful of medical centers in the United States are able to diagnose and treat Moyamoya disease. Jackson’s mother Danielle recognizes that her son may have had a very different outcome had they not lived so close to one such facility, Boston Children’s Hospital. She and other parents of children with Moyamoya hope to raise awareness so that more doctors nationwide will recognize the markers of this disease, ensuring that these children receive an accurate diagnosis and treatment as quickly as possible. Dr. Smith believes that we can stop Moyamoya-related strokes by raising awareness. If doctors diagnose these neurovascular anomalies in children and adults quickly, they may prevent these patients from suffering strokes and their catastrophic and lifelong impacts. Advocacy days, such as the May 6 Awareness Day, put these illnesses front of mind, and prompt a local and national conversation.

Stay tuned for additional updates on how you may recognize Moyamoya Disease Awareness Day on May 6.

Dr. Edward Smith is a superhero to the Credit Unions Kids at Heart Team and to patients with Moyamoya worldwide.

Danielle Ciaccio and her son Jackson, himself a Moyamoya survivor, have advocated for the May 6 Awareness Day for nearly a decade.
**Speaker Announced for EasCorp’s 45th Annual Meeting & Partnership Conference**

We are pleased to announce that celebrated economist and lawyer Dr. Robert Litan will join us for EasCorp's 45th Annual Meeting & Partnership Conference on Wednesday, May 31, 2023. Dr. Litan has authored or co-authored more than 30 books and dozens of articles about economics or policy... although he has been known to write a bit about sports business as well! Litan has directed economic research at such esteemed institutions as the Brookings Institute, Kauffman Foundation, and Bloomberg Government. He has held several appointed positons in antitrust enforcement and budget policy for the federal government, and has taught banking law at Yale Law School.

Dr. Litan has delighted EasCorp's and Vertifi's audiences before, having spoken for our members and clients on several occasions. He promises to bring his unique perspective, informed by 4 decades of experience, to a talk on the "economics" of luck.

Stay tuned for more information. Invitations will be mailed in the coming weeks.