During May, EasCorp declared and paid a special bonus dividend of 16.94 percent to owners of EasCorp Perpetual Paid-In Capital (PPIC I). It followed the National Credit Union Administration’s (NCUA) $4.9 million April distribution to EasCorp as certificate claim holder on the Asset Management Estate (AME) of the former U.S. Central Federal Credit Union.

U.S. Central Federal Credit Union was placed into conservatorship by NCUA in 2009 due to severe weakness in its investment portfolio. The “hub” of the corporate credit union system was liquidated not long after. The adverse financial effect on EasCorp at the time was the loss of its member capital investment in U.S. Central, which not only depleted all of EasCorp’s Retained Earnings, but also spilled over to and affected several dozen owners of EasCorp PPIC I.

Earlier this year, NCUA announced that it had entered the wind-down stage of the AME and determined that sufficient funds were available in order to make this initial distribution to claim certificate holders, including EasCorp. Indeed, in late April 2021, more than twelve years following this financial crisis, NCUA returned a partial share of EasCorp’s forfeited capital investment.

EasCorp members will see an accounting for these transactions in the corporate credit union’s Q2 financial report to be published in July. As of now, NCUA has not specified if, when, and to what extent additional distributions will occur.

If you would like more information, please contact Cindy Nelson, Executive Vice President, at (781) 994-3308.
$5,000 Helicopter Golf Ball Drop

On Monday, September 13, 2021, 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 from a hovering helicopter!

The golf ball that lands in, or comes closest to, the hole wins half of the proceeds from golf ball sales —$5,000 cash! The remaining proceeds* go to Credit Unions Kids at Heart in support of its mission to help children lead happy and healthy lives.

Only 500 golf balls are sold— only $20 each! All golf ball entries are sold in advance of the tournament. You do not have to be present to win this $5,000 cash prize! The winner will be notified by phone or email.

To purchase your Helicopter Ball Drop entry, please contact Deirdre Zaccagnini at dzaccagnini@eascorp.org or 800.428.1144, Ext. 3347.

* A portion of the remaining fee (after winner is paid) is used to cover lottery taxes and helicopter expenses. The remainder of the proceeds of the Helicopter Ball Drop go to support research; no additional funds are held by CU Kids at Heart for administrative costs or overhead. CU Kids at Heart is a registered 501(c)(3) charitable organization. All contributions are tax deductible to the fullest extent allowed by law.

Latest Fed Meeting Minutes
Signals Tapering to Come
by Kevin Peters, AVP, Investment Services

After more than a year of being in a defensive position of managing the fragile economy through a global pandemic, the Fed may have signaled that the recovery is finally solid enough to begin tapering its balance sheet and partially alleviating the excess liquidity problem with which most financial institutions are currently being faced.

The recently released minutes of the last FOMC meeting on April 27-28th show that some Fed officials were open to begin the discussion of tapering down the current pace of purchasing $120 billion in Treasuries per month provided that the economy continues to make progress. In a recent interview, Federal Reserve Vice Chair, Richard Clarida, reiterated this stance, saying, “in upcoming meetings, we’ll be at the point where we can begin discussing scaling back the pace of asset purchases.”

The biggest factors in these discussions will be future inflation and employment numbers. Consumer prices spiked in April, with supply chain bottlenecks being seen as the main culprit. Should inflation continue at an upwards trajectory, it would certainly force the Fed’s hand in the decision to begin tapering down reinvestments. Also, only 266,000 non-farm payroll jobs were added in April, a very disappointing backslide from 916,000 the previous month. The Fed would certainly want to see improvement in unemployment before moving forward with tapering.

For now, some Fed officials and economist have written off April’s inflation numbers as transitory and expected to be mitigated in coming months as the backlog of container ships at U.S. ports dissipates. Also, unemployment is expected to improve as more cities and towns loosen up Covid-19 restrictions as infection rates continue to fall.

SAVE THE DATE
EasCorp’s 2021 Invitational Golf Tournament
Monday, September 13

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Nacha, stewards of the ACH network, reported that, in the 5 years since its inception, Same-Day ACH has reached milestone activity levels for both transaction volume and dollar value, with over 1 billion transactions processed, for a total value in excess of $1 trillion.

Subsequent to the initial launch of Same-Day ACH, Nacha has implemented several enhancements to the Same-Day ACH service due to the overwhelming popularity of the service and the ever-increasing demand for faster money movement. This includes adding intraday credit posting requirements to Receiver accounts, a higher per transaction dollar limit and, most recently, an additional late day processing window to support the growing needs of the network. Nacha noted that, when the per transaction dollar limit increased from $25,000 to $100,000 last March, it saw a near-immediate 34% increase in per transaction dollar value. A survey of financial institutions revealed that their Same-Day ACH customers were ready and waiting for larger value payments to be implemented and, in fact, many started initiating larger value Same-Day ACH payments on Day 1. They also expressed a strong interest in even larger dollar limits for the future. In response to this, Nacha recently announced its plans to increase the per transaction dollar limit for Same-Day ACH transactions once again, to $1 million, effective March 18, 2022. This large per transaction dollar limit, coupled with the extended processing and settlement window, opens receiving depository financial institutions (RDFIs) up for greater risk of a large (debit) transaction settling late in the day. It’s important for your credit union to understand these risks, and plan for the future to ensure it is ready for these potentially larger value, late day settlements to occur.

Nacha also reported that Same-Day ACH volumes rose nearly 40% in 2020 with the influx of pandemic-driven payments such as at home/remote bill payments for both consumers and businesses alike, and this trend continues to rise with Q1 2021 volumes up by a record 88% over Q1 2020. Nearly half of this volume (48%) came from consumer-to-business (C2B) transactions, while the remaining was divided among business-to-business (B2B) at 19%, business-to-consumer (B2C) at 27%, and lastly, person-to-person (P2P) at 6%.

Nacha expects that consumers and businesses who have come to rely on the ACH network during the pandemic, realize the benefits of this payment option and will continue to use it going forward, even as the country begins to relax restrictions and businesses open back up.

Lastly, Nacha affirmed that it remains committed to growing the ACH network and in the future is planning to enhance the Same-Day ACH services even further. Additionally, they are also planning to do some marketing on the benefits of Same-Day ACH, targeting specific markets such as tolling (i.e. prefunding toll passes such as the E-ZPass) and various streaming and subscription service programs.

If you would like more information, please contact Darlene Howlett, Chief Operations Officer, at (781) 994-3353.

EasCorp’s 43rd Annual Meeting

Once again, due to unprecedented circumstances, EasCorp was unable to host, to its fullest intended capacity, its annual Partnership Meeting. Nonetheless, EasCorp’s 43rd Annual Meeting was held on Tuesday, May 25, 2021, at the Café Escadrille, in Burlington, MA.

Thomas White, President and CEO of Rockland Federal Credit Union and Denise L. Barstow, President and CEO of Granite State Credit Union, were elected to three-year terms.

Grateful to those who were able to participate, Jane Melchionda, EasCorp’s President/CEO, expressed gratitude to the members and thanked them for entrusting EasCorp as a business partner and service provider.
Celebrating Credit Union's Milestone Anniversaries

Join us in honoring six member credit unions celebrating milestone anniversaries. Ranging from 50 years to 100, each rich with history and inspiration. We congratulate these credit unions and wish them many more years of prosperity and success.

Celebrating 50 Years

Benefitting the faculty and staff of Johns Hopkins University, a small group of just seven individuals convened for the first time and on May 14th, 1971, and in accordance with Federal Credit Union membership regulations, they deposited $5.00 into an account at the Maryland Credit Union League. The National Credit Union Administration granted Johns Hopkins Federal Credit Union its charter in June and JHFCU became fully operational when the payroll deduction system went into effect.

May 1971, LUSO FCU was established to serve the underserved Portuguese population of Ludlow, MA. They began as a one-teller rented space in the Gremio Lusitano Club where transactions were conducted by hand and have grown from $35 in assets to over $240 million with over 8,500 members!

Original organizers felt that some town employees needed help with loans and a place to help them save for down payments. At the time, the talk was about putting together enough money to make short term loans in case one of their friends found the times difficult. In 1971, Billerica Municipal Employees Credit Union was declared a legally organized and existing corporation. The credit union benefitted any town employee receiving a paycheck from the town of Billerica. Billerica Municipal Employees Credit Union prides itself on being a small credit union that tries to be there for its members.

Celebrating 75 Years

In 1946 the Federal Reserve Boston Employees Federal Credit Union was established to serve the employees of the Federal Reserve Bank of Boston and its First District branches. At the time, it was very difficult for employees to get loans at banks such as Bank of Boston or State Street unless you had a sponsor. In 2008 the Credit Union expanded their membership which resulted in the name change to 600 Atlantic Federal Credit Union, a better reflection of the newly welcomed membership of any employee of the Federal Reserve Bank or tenant firm that works in the building. The credit union thrives on knowing their members which speaks of the trust and relationships built over time.

Celebrating 100 Years

It all started in 1921 with a small group of Bell Telephone System employees who, acting independently of their employer, created the Credit Union solely for the "promotion of thrift" among its members. Telephone Credit Union of NH was originally run by volunteers in the early years and in 2005, the credit union changed its name from Telephone Credit Union of NH to Bellwether Community Credit Union (BCCU) to better reflect the diversity of its members.

In 1921, fifteen men with a capital outlay of $325.00 founded Polish National Credit Union to serve a large and growing population of immigrants who settled in Massachusetts to pursue their lives in America. Today, the Polish National Credit Union stands strong and proud as a full-service community credit union with 8 branches and a complete line of personal and business banking products and services.
New DeposZip Reporting Tools and More Coming Soon!

2021 has been a year of innovation and growth for Vertifi’s DeposZip service. And we are not finished yet! Vertifi’s DeposZip team is presently wrapping up a new round of service enhancements and we’re excited to bring these new capabilities to our service users.

Most anticipated is the expansion of a report released earlier this year that demonstrates which reasons a deposit was held for review. Going forward, the DeposZip system will store the reasons why a particular deposit was held for administrative review for the life of the deposit. This will allow for deeper analytics of risk profile performance and better understanding of how each parameter might affect the overall performance of the system. Service users will be able to download this information from the DeposZip Research screen. Further, a new Risk Profile Statistics report will also be available, which breaks these held for review reasons down at the risk profile level. This has been a highly requested feature and it’s coming soon!

Additionally, we will now track the source vendor for a deposit in the DeposZip database. Those members who have multiple vendor relationships, for example, one for consumers and a different one for business banking, will be able to differentiate which product the deposit originated from. This will be visible in the Deposit History download report alongside the held for review flags.

DeposZip service users who have upgraded to our most recent mobile technology, version 9, or implemented our Desktop App will now be able to set the Per Deposit Amount as a “soft” limit at the risk profile level, allowing end users to submit deposits over this dollar threshold. These items will automatically be held for review, just like the Daily and Rolling 30-Day deposit thresholds.

Lastly, we are adding the ability for automated downloads of posted deposits in the industry standard X9.37 format. Currently these downloads are available, but not in an automated fashion.

Make sure to watch for a Webinar invitation in the coming weeks where we’ll cover these enhancements and a few more.

Branch Capture v6 Update

Coming soon to our service users is Vertifi’s Branch Capture version 6.0! This enhancement, presently in the late stages of development and testing, will greatly improve the read rates of dollar amounts of scanned items and incrementally improve MICR line reads resulting in less manual handling, reduction of errors, and significant time savings.

Independence Day Coin and Currency

In observance of Independence Day, all Federal Reserve offices will be closed on Monday, July 5, 2021. 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 Wednesday delivery). Due to the holiday, you may need to place your cash order a day earlier than normal (e.g., the same order referenced above should be placed on Friday for Wednesday delivery).

If you have any questions regarding your cash orders, please contact Taylor King, 800-428-1144, Ext. 3516; or the Correspondent Services Department, Ext. 4 in advance of the holiday.

The CU Kids at Heart custom pendant by LOLA®.

Still Available!
Sterling silver 27mm pendant hand painted with Credit Unions Kids at Heart logo embossed on the front with the message "Research is Hope," engraved on the back.

Only $125 each plus shipping.

50% of your purchase will go toward CU Kids at Heart’s research directives.

To place an order, please contact Deirdre Zaccagnini at 800.428.1144, Ext. 3347, or dzaccagnini@eascorp.org. To see examples of the pendant or chain, visit www.lolacompany.com.
QR codes and instant payments: Key international uses and U.S. developments

This article is reprinted with the permission of the Federal Reserve Bank as part of our following FedNowSM series. Retrieved from https://www.frbservices.org/financial-services/fednow/instant-payments-education/qr-codes-and-instant-payments.html

As organizations prepare for instant payments, there are many tools at their disposal, including one that may be buried at the bottom of their toolbox: Quick Response (QR) codes. The technology was invented in the ‘90s and has experienced mixed adoption in the U.S. However, QR codes have become a popular way to initiate a payment in a number of countries and are even bolstering faster payments adoption.

This article reintroduces QR codes, describes key international innovations and explains how the technology is gaining traction in the U.S.

What are QR codes?
A QR code is a barcode that contains horizontal and vertical patterns that can be optically scanned and decoded. Most smartphone users can use their camera to scan the QR code and initiate an action, such as opening a website link, viewing a restaurant menu or even initiating a payment.

A QR code can be static or dynamic. If it’s static, the information contained in the QR code is fixed and cannot change. For instance, a merchant might display a QR code on a placard that links to their website’s homepage. Alternatively, a dynamic QR code can be edited, which means its creator can personalize it for each specific user, such as a customer’s bill at check-out.

Innovation one: Changing the customer experience at checkout
In a number of countries, consumers regularly use QR codes to pay merchants. For instance, consumers in China often scan (Off-site) QR codes to complete transactions via Tencent’s WeChat or Alibaba’s Alipay. Singapore recently introduced a unified QR code that combines the QR codes for each individual payment app into a single, multipurpose QR code; the user scans the QR code to complete a transaction with the payment app of their choice, which can include faster/instant payments options.

In India, consumers are able to use their bank mobile app to access their debit card account and scan a Bharat QR code to pay via the Unified Payments Interface (UPI) faster payments network (Off-site), which transfers the payment immediately into the merchant’s bank account. In the UK, consumers can take advantage (Off-site) of QR code systems where the payer scans the QR code through a third party that facilitates the connection to their financial institution’s account.

As the above examples illustrate, countries leverage QR codes in different ways, which results in differences in how transactions are cleared and settled. In China, they leverage a stored value on a closed-loop network. In India, consumers can use a proprietary QR code to pay using a debit or credit card network, or a Bharat QR code to access the UPI network. Meanwhile, in the UK, QR codes are facilitating transactions from consumers’ financial institution transaction accounts via the UK’s Faster Payment Service.

In stylized terms, most QR code-initiated transactions involve the merchant presenting a static or dynamic code to their customers:

1. A cashier tallies a customer’s purchases and asks the customer to scan a QR code on a placard or a screen.
2. The customer unlocks their cell phone and opens an app (e.g., a digital wallet or mobile banking app) that contains their banking or other account information.
3. Within the app, the customer uses a camera feature to scan the QR code, which, in the case of a static code, prefills the merchant’s payments identifier and allows the customer to enter the payment amount and send the payment. With dynamic codes, the code can be personalized in a way that a “request for payment” (RFP) with the payment amount and other transaction details can be initiated. In this instance, the customer can simply review and click confirm to send the payment.
4. With faster/instant payment services, the process ends with an immediate credit transfer between the consumer’s account and the merchant’s account at their financial institutions.

Innovation two: Changing invoicing and remittances
Some countries are beginning to place QR codes on invoices to complete payments. For instance, in the Netherlands a bank-centric payment method has developed a QR code (Off-site) for e-invoicing and remittances. In addition, the European Payments Council (Off-site) (EPC) has published guidelines for initiating payments via a QR code. These guidelines will support the development of functionality to enable businesses in Europe to place QR codes on invoices and receive payment on instant payment networks in compliance with the EPC’s SEPA Instant Credit Transfer scheme (Off-site).

(continued next page)
This innovation can help streamline how businesses pay vendors. Instead of mailing a check, or logging on to the vendor’s portal to initiate a purchasing card or ACH payment and then manually entering the payment details into their accounting system, the merchant can upload the invoice into their accounting system, initiate the payment, including the remittance details, and reconcile the transaction automatically.

Moreover, if businesses use an instant payment service to send the invoice, the payment and the remittance details, both payer and payee benefit by:

- **Optimizing cash flow:** With instant payments, businesses can guarantee immediate transfer of funds, allowing them to control the timing of their payments while eliminating the risk to the vendor of returned payments due to insufficient funds.
- **Accelerating access to supplies:** Vendors that require payment in advance of shipment can release orders more quickly with instant payments while providing a benefit to their customers.
- **Streamlining reconciliation processes:** QR codes can take advantage of instant payments’ RFP functionality to send an invoice and then enable accurate remittance information to be automatically included with the payment, saving both the vendor and its business customer the need to manually gather and handle the information.

The growing use of QR codes to initiate payments at point of sale suggests that B2B remittance scenarios like the one below could eventually gain traction as well:

1. A vendor emails or sends a paper invoice to a small clothing store for 50 t-shirts. At the top of the invoice, the vendor includes a QR code that the clothing store can use to complete the transaction via an instant payment.
2. The clothing store owner decides to pay via the QR code and opens their banking app to scan the code.
3. After scanning the code, the owner is directed to a page where the payment details are pre-filled.
4. The owner verifies the information and clicks a button to complete the payment. The funds (and relevant remittance information) are immediately sent to the vendor’s account.

**QR codes are attracting attention (and potentially gaining a foothold) in the U.S.**

In the United States, most in-person payments involve a credit card, debit card, cash or check. However, consumers and businesses are increasingly using mobile phones and other internet-connected devices to initiate payments. And there’s some indication that QR code-initiated payments are starting to occur in the U.S. For example, merchants like CVS are using QR codes at select stores to enable their customers to complete transactions via their PayPal or Venmo account. In addition, the U.S. Faster Payments Council recently created (Off-site) a QR code work group that aims to develop a QR code interface for faster and instant payment transactions.

As developments like these continue to unfold, it’s possible QR code-initiated payments will become more common in the United States, particularly for initiating instant payments. Consequently, it may be time to think about what this may mean for your business. Visit the instant payments education page to learn more about the benefits of instant payments and their potential uses.

Footnote:

1 FedNow is a service mark of the Federal Reserve Banks.

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**FedNow Community Town Hall held on 5/4/2021**


The agenda items included:

- Technology vision for the FedNow Service and actions needed to prepare for 24x7x365 payments processing
- Overview of the recently released final ISO® 20022 message specs and how to start preparing for instant payments
- Highlights from the FedNow Pilot Program
- Insights from Community members and upcoming engagement opportunities
- Facilitated Q&A session

See the resources from the event below:

- Webinar Recording (YouTube) [https://www.youtube.com/watch?v=p-D_JODHKDJ]
Remote Deposit Capture
Helpful Tips and Tricks

Tip: Would you like to view any changes made by your staff in the Vertifi Customer Portal? If you are a DeposZip Administrator you can view this information by querying the Administrative Audit Report. Under the DeposZip tab in VCP, choose Reports, and select the Administrative Audit tab. At the top of the page, input the date range in question and hit Search. Detailed information of each operation performed will populate. A list of logged operations is also available in our help screens. Click the 3 Vertical dot icon and select Help to populate the help screens for this module. For more information contact Julie Benjaman at 1-800-428-1144, Ext. 3518 or Implementations and Support, Ext. 2.

UPCOMING EVENTS

When scheduling upcoming meeting and events, EasCorp and Vertifi will continue to follow the recommendations of the CDC along with local, state, and federal agencies.

Association of Credit Union Senior Officers Virtual Meeting: CU Value Proposition
Tuesday, June 8

EasCorp's 2021 Invitational Golf Tournament
Monday, September 13
Tedesco Country Club, Marblehead, MA

125th Boston Marathon
Monday, October 11

For more information, please call 800.428.1144, Ext. 3300, or email admin@eascorp.org.

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