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In observance of Labor Day,
EasCorp and Vertifi
will be closed on
Monday, September 5, 2022

**EASCORP'S 2ND QUARTER
FINANCIALS NOW
AVAILABLE**

EasCorp's 2nd Quarter Financial Report is now available online in the Due Diligence section of the website for anyone with an EasCorp- or Vertifi-issued digital certificate and Due Diligence authorization.

Federal Reserve Bank Announces New ACH Processing Window

The Federal Reserve Bank (Federal Reserve) has announced it will introduce a new ACH processing window on September 12, 2022, aimed at accelerating the delivery of ACH entries to receiving depository financial institutions (RDFIs) who may want to take advantage of an earlier processing schedule. Beginning on this date, ACH entries transmitted to the Federal Reserve between 8:01 p.m. and 10:45 p.m. ET will be delivered to RDFIs, or their processors, by 11:30 p.m. ET, Sunday through Thursday. Settlement for these items will occur at 8:30 a.m. ET, which follows the same settlement schedule as all other future dated transactions.

EasCorp will be adding an additional file distribution to its service users to accommodate this new processing window, which means ACH Receipt service users can now receive up to 6 files per day beginning on September 12 (denoted with the file naming convention ending with 'A – F', based upon the Fed's ACH distribution window). This new file, distributed by 11:30 p.m. ET, will take the Cycle 'B' slot, which is presently used for the files made available by 6:00 a.m. ET. The 6:00 a.m. ET file will become Cycle 'C', and all subsequent files will be sequenced in order of distribution thereafter.

Please be sure your staff that is responsible for downloading these daily ACH Files is aware of this additional file delivery. Also, if your credit union relies on a third party to download ACH files from our portal, please be sure to notify them accordingly.

If you have any questions regarding this new processing window, please contact Taylor King at 800.428.1144, Ext. 3516 or our Payments Systems Team at corrsvc@eascorp.org.

Upcoming ACH Rules Changes for September

Nacha has announced two updates to the ACH Network Rules that will become effective at the end of the 3rd quarter 2022. While the two activities covered in these updates are not new to the ACH Network, there has never been a clear definition and responsibilities developed specifically around these activities – until now. They are Micro-Entries and Nested Third Party Senders.

Micro-Entries – September 16, 2022 (Phase 1)

It's been a long time since credit unions began offering online account opening and funding services to their members. And, in order to mitigate the risk associated with the account funding step of this process, credit unions and their online vendors needed to implement a means of verifying the ownership and access to the funding account at the other financial institution. Further, this verification must take place prior to initiating live transactions for funding these newly opened accounts. The process established was to use low value debit and credit entries, which are sent to the account at the other financial institution, and requires the member to confirm the dollar values of these entries, to ensure s/he is an authorized user with access to that account. Commonly, these transactions became known as “micro-entries”, but there were no specific ACH Rules defining these micro-entries, or how these account verification transactions were supposed to be handled. Nacha is now defining what a micro-entry is and how they are to be used within the ACH Network.

Nacha defines a micro-entry as a credit or debit entry used by an Originator to verify a Receiver's account prior to the initiation of future credit or debit entries. A credit micro-entry must be in an amount less than \$1.00 and, one or more offsetting micro-entry debits, which are permitted to be over \$1.00, must only be for amounts of one or more credit micro-entries. Debit micro-entries must be sent in the same file as the corresponding credit micro-entries and the total amount of debit micro-entries must be less than or equal to the value of the credit micro-entry(ies).

Micro-entries must be formatted with a Company Entry Description of “ACCTVERIFY”, and the Company Name must be recognizable to the Receiver and be the same or like the Company Name that will be used for future entries. An Originator must also implement a monitoring process of forward and return volumes of micro-entries.

An Originator may initiate future entries to the Receiver's account only after validation of the micro-entries has been completed.

Nacha is also implementing a phase 2 of the micro-entry Rule, which becomes effective March 17, 2023, and requires an Originator to conduct commercially reasonable fraud detection on its use of micro-entries.

Nacha feels strongly that establishing these Rules around micro-entries benefits the entire ACH Network, including Originators, Originating Depository Financial Institutions (ODFIs), Receivers and Receiving Depository Financial Institutions (RDFIs), by creating standardized formatting, processing and monitoring requirements which improves the overall quality of the ACH Network.

Nested Third-Party Senders – September 30, 2022

Nacha has recognized that, in today's digital world, many financial institutions look to third parties for assistance with processing the myriad of tasks and activities they need to put forth in servicing their users timely and effectively. Sometimes, those third parties they hire also leverage the services of another third party(ies) to complete the process. Further, it may not be fully transparent to the financial institution that such arrangements exist.

(continued on page 3)

Upcoming ACH Rules Changes for September, *cont'd*

Nacha is tightening its Rules around these third party arrangements to ensure continued safety and security within the ACH Network. With that comes a newly defined ACH Network participant, Nested Third Party Sender, which is designed to get financial institutions and their vendors, including those downstream vendors, to have more accountability within the network for following the same Rules as everyone else.

This change amends the Nacha Operating Rules by defining a Nested Third Party Sender (TPS) as a TPS that has an agreement with another TPS to act on behalf of an Originator, and does not have a direct agreement with the ODFI. This Rule requires a Nested TPS to abide by the same rules as a TPS, wherein it must complete an independent annual risk assessment of its ACH activities; a TPS cannot rely on a Rules compliance audit, or a risk assessment, completed by another TPS in the chain of activity. Further, this Rule establishes the chain of agreements and responsibilities therein, and updates have been made to the TPS registry to allow users to denote whether a TPS has any Nested TPS relationships. When performing your TPS review(s) during your annual ACH compliance audit, be sure that you identify whether they have any Nested TPS arrangements. If they do, you may need to perform some additional review of those vendors to ensure all TPS relationships are following the ACH Rules.

Also, if your credit union offers ACH origination services to its business accounts, and those businesses outsource their origination activities to a third party who is accessing and using your ACH origination service (i.e., you are the ODFI), you will want to be certain that you have language in your ODFI/Originator Agreement that addresses all of these third party arrangements and binds them to the ACH Rules. Lastly, be sure to include a review of their risk assessment as part of your own annual ACH compliance audit.

If you have any questions regarding these ACH Rules updates, please contact Taylor King at 800.428.1144, Ext. 3516 or our Payments Systems Team at corrsvc@eascorp.org.

When Will the Fed Hikes End, Before a Recession?

As was universally anticipated, the Federal Open Market Committee (Committee) raised the target federal funds rate 75 basis points for the second meeting in a row in July, raising the target rate to a range of 2.25% to 2.50%. On its immediate future plans, Fed Chair Jerome Powell stated, “While another unusually large increase could be appropriate at our next meeting, that is a decision that will depend on the data. “The labor market is extremely tight, and inflation is much too high.” As the Fed focuses its attention to slow the highest inflation in 40 years, the Committee continues to be quiet on the possibility of a recession.

Meanwhile, markets are beginning to show signs that a recession could already be upon us. Gross domestic product unexpectedly declined -0.9% for the second quarter, after a -1.6% decline in the first quarter. Consumer spending remains strong even in the face of record inflation, but the psychological factor of recession warnings could very soon take effect. The more that economists cite a recession as possible, the more the consumer tends to slow down purchasing and begins to save more income.

Most economists expect a tapering effect from the Fed through the end of 2022. There is a split between whether the next hike in September will be another 75 basis points or a backing off to 50 basis points. After that, the Committee is widely expected to back off to 25 basis points at the last two meetings in November and December, with cuts not beginning until mid-2023. The question is that when the cuts finally come, will they come because inflation is finally under control and the Fed is downshifting back to a ‘normal’ rate, or because the Fed needs to jumpstart the economy out of a recession?

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

ACUSO Members' Meeting

The second meeting of the Association of Credit Union Senior Officers addressed the complex issue of understanding and planning for the financial service needs and employment of the largest generation in the world and the least financially literate: Generation Z.

The successful use of conversational artificial intelligence to connect Gen-Zers to credit unions, with the goal of making banking easier for all, was discussed. Meeting the needs of Gen Z employees through onboarding and community financial education outreach, an important path forward, was also examined through the lens of a credit union.

Rounding out the session was a riveting panel featuring a real-time, interactive discussion with a local group of young adults, each 20-something, as Ambassadors for Generation Z, highlighting their aspirations, perceptions, needs and wants, influences and priorities in the financial services arena.

Save the Date
September 21, 2022
MHA Conference Center, Burlington, MA

Opportunities for Credit Unions in the Emerging Cryptocurrency Environment and Annual Meeting.

For more information about attending the September meeting or becoming an ACUSO member, please contact Cindy Carey at ccarey@eascorp.org or 800.428.1144, Ext. 3593.

EasCorp's 2022 ALM Academy

Presented in partnership with ALM First Financial Advisors
October 18-19, 2022 at the MHA Conference Center, Burlington, MA

Learn how to improve your credit union's overall performance, to manage interest rate risk in a changing economic climate, to identify sound strategies that capitalize on emerging economic trends and to learn how incorporating derivatives into your risk management strategy can reduce risk. There are two tracks available:

Introduction to ALM Track

Intended for CEOs, CFOs, ALM Committee Members, financial management staff and others who manage the balance sheet.

Advanced ALM Track

Intended for financial analysts and those who manage or monitor a credit union's interest rate risk exposure.

Registration details coming soon. To learn more about the ALM Academy, please contact Kevin Peters at 800.428.1144, Ext. 3354 or alm@eascorp.org

EasCorp Invitational Golf Tournament (SOLD OUT) Tee and Green Sponsorship

Once again, the EasCorp Invitational Golf Tournament is sold out early, but we still have Tee and Green Sponsorships available.

Tee and Green Sponsors will receive one sign prominently displayed at either a tee or green as well as a listing in the event booklet. This sponsorship directly supports CU Kids at Heart research initiatives; no portion of these fees is used to cover event expenses or overhead.

To become a Tee/Green Sponsor, please contact Deirdre Zaccagnini at dzaccagnini@eascorp.org or 800.428.1144, Ext. 3347.

Credit Unions Kids at Heart All-Ability Challenge

Over 90 participants have entered in the 2022 All-Ability Challenge, and playful competition is already building among teams. The participants represent members of our community, including Platinum Sponsors, Corporate Sponsors, Participating Credit Unions,

Research Investigators, Volunteers and Alumni. Good Luck to our many creative Teams!



- CUKH Alumni Marathon Runners, Patient Partners and Families
- Dutch Point Credit Union
- EasCorp
- Granite State Credit Union
- St. Jean's Credit Union
- Digital Federal Credit Union
- Merrimack Valley Credit Union
- Panigrahy Lab at BIDMC
- Randolph-Brooks Federal Credit Union
- Vertifi Software, LLC

Become Part of the Credit Unions Kids at Heart Team

As Credit Unions Kids at Heart (CUKH) launches its 2022-2023 season, the Team hopes to ensure that their research priorities are well funded. Participating Credit Unions provide critical financial support for the Team's research projects. Their contributions may be used as matching funds to boost donations during the organization's annual fundraising challenge campaigns, including #GivingTuesday. CUKH does not withhold any portion of Participating Credit Union contributions to cover overhead, payroll, or administrative expenses. CUKH is a registered 501(c)3 charitable organization.

Participating Credit Unions enjoy many benefits including visibility on the CUKH website, in email campaigns, in publications and press releases, and on event signage and collateral. The amount of the annual contribution is determined by asset size. Some Participating Credit Unions sponsor a runner on the CUKH Boston Marathon Team. And while the organization appreciates the opportunity to foster a deeper connection with its credit union supporters, for many Participating Credit Unions there are no further obligations throughout the year.

Show your members that you understand the wide-reaching benefits of medical research and that you believe in a future where all *children lead happy and healthy lives*. Join as a Participating Credit Union today.

To learn more or to join, please contact Deirdre Zaccagnini at dzaccagnini@eascorp.org or 800.428.1144, Ext. 3347.

STILL A FEW LEFT!

Chance to win \$5,000. The Helicopter Ball Drop will take place on Monday, September 12 at Tedesco Country Club during EasCorp's Invitational Golf Tournament.

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



UPCOMING EVENTS

Association of Credit Union Senior Officers Meetings

Cryptocurrency

Wednesday, September 21, 2022
MHA Conference Center, Burlington, MA

Hiring Across State Lines

November 3, 2022
Webinar

Meet the Regulators

Wednesday, December 14, 2022
MHA Conference Center, Burlington, MA

EasCorp's 2022 Invitational Golf Tournament

Monday, September 12, 2022
Tedesco Country Club, Marblehead, MA

ALM Academy

October 18 – October 19, 2022
MHA Conference Center, Burlington, MA

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

Coin and Currency Reminder

In observance of Labor Day, all Federal Reserve offices will be closed on Monday, September 5, 2022. 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 at 800.428.1144, Ext. 3516 or the Payment Systems Department, Ext. 4 in advance of the holiday.



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