

# Inside EasCorp



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## Internationally Renowned Expert on Applied AI to Speak at EasCorp's 46th Annual Meeting

“In 2023, OpenAI and ChatGPT might have grabbed all the headlines, but the most meaningful developments quietly unfolded behind the scenes at the intersection of business and research,” said Dr. Usama Fayyad in a January 2024 article for Forbes.

If anyone knows the state of artificial intelligence around the globe, or understands its full potential, it's Fayyad. Fayyad is a pioneering data scientist whose storied career has included positions at Microsoft and Barclays Bank. At NASA's Jet Propulsion Lab in the 1990s, he worked with astronomers to build an algorithm to catalog the half billion objects in the sky. At Yahoo! a decade later, his data mining and machine learning models processed more than 10 terabytes of data—the equivalent of all the text in the Library of Congress!—a day to improve user experience, advertising systems, and product development. Today, he is the Executive Director of the Institute for Experiential AI at Northeastern University, leading a multidisciplinary team of academics, engineers, and business leaders in the pursuit of deliverable, real-life solutions driven by applied intelligence.

We are thrilled to announce that Fayyad will give the keynote address—*Banking on the Extraordinary: The Enormous Potential of AI in Finance*—at EasCorp's 46th Annual Meeting. Fayyad will share recent examples of AI technologies, strategically applied and responsibly deployed at financial institutions, that helped to solve complex business problems. He will help us understand the technical and theoretical challenges of experiential AI, and will offer his insights into the direction and opportunities of AI in our field.

EasCorp's Annual Meeting will be held at the Conference Center at Waltham Woods on Tuesday, May 14, 2024. Beginning at 1:30 p.m., the afternoon event will include special presentations by EasCorp and Vertifi Software's leadership and a celebratory reception. Invitations will follow and registration will open this month. For more information, please contact us at [general@eascorp.org](mailto:general@eascorp.org) or 800.428.1144.

EasCorp and Vertifi's offices will be closed on Monday, February 19 in observance of Presidents' Day.

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## Engaging Service Providers for Connection to the FedNow® Service

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As shared last month, the Federal Reserve anticipates 2024 will be a year of rapid adoption of and continued innovation for the FedNow® Service. In mid-January, the Fed reported 400 participating financial institutions are now live on this new instant payment rail—a remarkable feat considering that only 35 institutions were live at launch last July.

According to a report released by the U.S. Faster Payments Council this month, most financial institutions interested in the FedNow Service will engage third-parties to connect to the service and perform transactions on their behalf. The Fed has authorized three types of third-parties to serve in this role: correspondents, service providers, and end-user solution providers. Correspondents such as EasCorp offer settlement and liquidity management while technology service providers, including EasCorp's CUSO, Vertifi Software, establish connectivity and manage the formatting and exchange of transaction messages. End-user solution providers, as the name suggests, offer instant payments products and applications and other value-added services direct to consumers and businesses.

Before joining the FedNow Service, you must have a clear understanding of the roles and responsibilities of each type of third-party partner. For example, in the FedNow ecosystem, service providers are uniquely authorized to act as agents of a FedNow Service participating financial institution; the Fed will act upon the agent's instructions. However, the participating financial institution is responsible for all action taken on their behalf by that vendor. And, while a financial institution may work with more than one service provider to send payments, they may only use one to receive payments.

In mid-January, the Fed published a set of new resources on the role of third parties in a financial institutions' FedNow Service road map. An article emailed to service participants on January 11 ("[Working with third-party partners](#)") included several useful links\*, shared with permission below:

- A helpful infographic about the FedNow Service ecosystem (<https://explore.fednow.org/resources/fednow-ecosystem-infographic.pdf>)
- Information on settlement and correspondents (<https://explore.fednow.org/resources/readiness-guide-settlement.pdf>)
- Information on connecting through a service provider (<https://explore.fednow.org/resources/connectivity-at-a-glance.pdf>)

The race to offer instant payments gains momentum, and financial institutions who take advantage of the resources available now from the third-parties who became early adopters of the FedNow Service will be the ones who come out on top.

For more information about EasCorp's instant payments settlement service, available to all members regardless of their FedNow Service integration partners, core processor, or digital banking provider, or Vertifi's instant payment gateway, contact Michael O'Brien ([mobrien@eascorp.org](mailto:mobrien@eascorp.org)) at 800.428.1144, Ext. 3324.

\*Please note: The links above are direct links to open PDF documents available from the Federal Reserve Bank on the FedNow Explorer website at <https://explore.fednow.org/resources>.

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## NCUA 2024 Priorities Focus on Balance Sheet

by Kevin Peters, CFA, Vice President, Investment Services

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On January 23, 2024, NCUA issued a *Letter to Credit Unions* detailing their supervisory priorities for the year. In addition to consumer financial protections, information security (cybersecurity), and Bank Secrecy Act (BSA) compliance, NCUA will focus on credit, liquidity, and interest risk. Their focus is not surprising. Throughout 2023, the NCUA saw growing signs of financial strain on credit union balance sheets, including a rise in interest rate and liquidity risks. Moreover, inflation and interest rates are affecting household budgets which, NCUA notes, could lead to an increase in credit risk in the future.

Credit risk will remain a priority for the NCUA as savings rates have declined and pandemic relief programs, such as the suspension of student loan payments, come to an end. In response, examiners are expected to monitor credit underwriting standards, collection programs, and the adequacy of Allowance for Credit Losses reserves.

The NCUA will monitor how credit unions manage liquidity risk by reviewing loan and deposit pricing, cash flow projections, and the cost of alternative funding. Of particular importance will be a credit union's contingency funding plan, specifically whether current and prospective sources of liquidity are adequate to cover the credit union's current and future funding needs. (See page 5 for additional information about the NCUA's focus on liquidity risk.)

For interest rate risk, examiners will focus on asset and liability repricing mismatches that have occurred over the past few years in the face of monetary tightening and the impact of those on net income. Examiners will evaluate whether a credit union proactively manages its interest rate risk and the related risks to capital, asset quality, earnings, and liquidity.

If you have any questions related to credit, liquidity, or interest rate risks as you prepare for your exam this year, please contact any member of EasCorp's ALM team ([alm@eascorp.org](mailto:alm@eascorp.org)) at 800.428.1144 or Kevin Peters ([kpeters@eascorp.org](mailto:kpeters@eascorp.org)) directly at Ext. 3354.

### ACUSO Welcomes New Board Member

The Association of Credit Union Senior Officers is pleased to announce that Dan Ziniti, Chief Strategy Officer, Hanscom Federal Credit Union, has been appointed to serve a vacancy on its Board of Directors. Ziniti joined Hanscom FCU in 2018 as Senior Vice President and Member Experience Director, to oversee branch administration, remote support, digital banking, marketing, partner relations, social responsibility, and financial consulting. In his current role, he is responsible for the credit union's strategic roadmap. He is also a member of the Credit Unions Kids at Heart Team, running his 6th Boston Marathon on their behalf this year. We congratulate him and look forward to his leadership at ACUSO.

On the ACUSO Board, Ziniti joins a notable group of credit union peers. Cynthia Nelson, President/CEO of EasCorp, serves as the organization's President; Michele Plaza, EVP, CIO/CLO, Granite State Credit Union, as Board Chair; and Caleb Cook, Vice President, Consumer Lending, Digital Federal Credit Union, as Vice Chair. The Board of Directors also includes: Michael Dubuque, EVP/Chief Operating Officer of Jeanne D'Arc Credit Union; Michael Valley, EVP, CFO/COO, of Merrimack Valley Credit Union; Tyler Pihl, Vice President of Enterprise Risk at Service Federal Credit Union; Karen Wood, Senior Vice President and Chief Financial Officer at Triangle Credit Union; and Kevin Randall, EVP at USAlliance Financial Federal Credit Union. To learn more about ACUSO, please contact us at 800.428.1144 or [acusos@eascorp.org](mailto:acusos@eascorp.org).

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## NCUA Offers Liquidity Risk Resources & Guidance

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As noted on page 3, NCUA has listed liquidity risk management as one of its supervisory priorities for 2024. In fact, one week prior to the January 23 *Letter to Credit Unions*, the agency released a more detailed *NCUA Express Advisory on Liquidity Risk Management*. While NCUA acknowledges the resiliency of the credit union system overall, it notes still growing liquidity stresses within that system. Increased uncertainty in economic conditions, pressure on deposit pricing, and other risks to earning and capital will require credit unions to better forecast their cash flow and risk positions.

In its January 23 letter, the agency states, "Examiners will review the credit union's policies, procedures, and risk limits, and also evaluate the adequacy of the credit union's liquidity risk management framework relative to its size, complexity, and risk profile." It offers the following strategic recommendations:

- Review your liquidity policy and contingency funding plans to ensure you are prepared for normal and stressed conditions, are evaluating your deposit assumptions and risk position, and are projecting cash flow as often as is needed. NCUA advises that "staff should have relevant experience and training in managing liquidity in various market conditions."
- A more robust risk management framework will be required when a balance sheet has high levels of credit risk or long duration assets with limited short-term liquid assets.
- Management should have a deep understanding of the credit union's funding sources. Stable funding sources reduce liquidity risk. More volatile funding sources should be closely monitored.
- A credit union's risk management framework should be based upon its size, complexity, and financial condition. NCUA states, "Liquidity monitoring systems must adequately identify and quantify risk exposure." Policies should clearly identify roles and responsibilities including risk monitoring and reporting. Board members should have a clear understanding of your overall liquidity position and risk.
- Diversified liquidity sources should be maintained. Although only credit unions with assets greater than \$250 million are required to have one contingent federal liquidity source (CLF or Discount Window), the January 17 advisory states that "all credit unions should consider having a federally sourced liquidity backup when other market funding sources prove inadequate. The ability to access funding at a predictable rate through the CLF or Discount Window should be part of credit unions' contingency liquidity risk management plans under a range of scenarios, not just in times of crisis."

The NCUA website ([www.ncua.gov](http://www.ncua.gov)) includes comprehensive liquidity risk resources as well as an Examiner's Guide. If you have any questions about liquidity, please contact any member of EasCorp's ALM team ([alm@eascorp.org](mailto:alm@eascorp.org)) at 800.428.1144 or Kevin Peters ([kpeters@eascorp.org](mailto:kpeters@eascorp.org)) directly at Ext. 3354.

### FedNow® Service Settlement

Did you know that EasCorp offers an instant payments settlement solution? This daily account provides 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 learn more, contact Michael O'Brien at 800.428.1144, Ext. 3324 or [mobrien@eascorp.org](mailto:mobrien@eascorp.org).

### Coin and Currency Reminder

All Federal Reserve Banks and offices will be closed on Monday, February 19 in observance of Presidents' Day. 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). If you have any questions regarding your cash orders, please contact Taylor King ([tking@vertifi.com](mailto:tking@vertifi.com)) at 800.428.1144, Ext. 3516, or the Payment Systems Department, Ext. 4, in advance of the holiday.

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## Meaningful Participation: Why You Should Join Credit Unions Kids at Heart®

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The principles of service, collaboration, and community that led to the development of the first credit unions are the foundation for the industry's philanthropic work today. A shared commitment to giving is reflected in the more than 100 foundations affiliated with individual credit unions in the United States and the many millions of dollars additionally contributed by credit unions non-affiliated, local and national charitable organizations each year. One of the most successful models for credit union collaboration in service of a greater good is Credit Unions Kids at Heart®. Since its founding in 1996, CU Kids at Heart has been the shared initiative of not one credit union, but many. While the operational responsibilities of the charity fall to EasCorp, the mission of CU Kids at Heart is lived out at credit unions on the East Coast and peppered across the country. While our 2024 season is in already in full gear, it is not too late to join CU Kids at Heart as a Participating Credit Union.

Here are a just few reasons why you should:

- 1. It's good for business.** When credit unions support causes of importance to their membership and to their local communities, they will take notice. And, your employees will too! Purposeful and authentic giving—which differs from marketing, PR, or self-promotion posing as philanthropy—can increase brand awareness and perception, expand your network, and improve your rootedness in your home market. It can motivate your employees as your social impact serves as a point of pride.
- 2. You can magnify the impact of your gift.** As a Participating Credit Union, you join dozens of your peers in support of a mission to help children lead healthy and happy lives. Whether you make a one-time annual pledge or fundraise on behalf of the charity all year round, your contributions are meaningful and impactful. Research takes time, and your donation, pooled with funds received from your peers and from corporate and private donors, allows the charity to provide a stable source of funding each year for these important research projects.
- 3. You can amplify the voice of our research partners and the children they serve.** Advocacy is a core tenet of CU Kids at Heart. As a Participating Credit Union, you expand the charity's reach, ensuring that your communities know that pediatric research, although traditionally underfunded, is important and lifesaving.
- 4. You can trust where the money goes.** All donations to CU Kids at Heart go directly to the designated research initiatives on pediatric neurological disorders at Boston Children's Hospital, ranked in first or second place in the U.S. News and World Report's Best Children's Hospital Honor Roll for 13 years in a row, or at the Panigrahy Lab at Beth Israel Deaconess Medical Center, notable for significant discoveries in the study of brain cancers. CU Kids at Heart does not withhold any portion of your contributions to cover overhead, payroll, or administrative expenses.
- 5. You will see tangible results.** Participating Credit Unions receive regular reports on funded projects, often directly from the research investigators themselves. We are proud to share their progression and their many medical breakthroughs and discoveries. Every day, they are closer to a cure.
- 6. You like us! You really like us!** EasCorp is grateful for mutually-beneficial relationships it shares with its loyal membership. We know that as our members you believe in the work we do. We hope this belief in and respect for EasCorp extends to CU Kids at Heart, and that you will give to a cause that is most important to us.

If you are interested in learning more or joining as a Participating Credit Union today, please contact Deirdre Zaccagnini ([dzaccagnini@eascorp.org](mailto:dzaccagnini@eascorp.org)) at 800.428.1144, Ext. 3347.



## Remote Deposit Capture Helpful Tips and Tricks

Did you know that you can set the Per Deposit Amount Threshold as a soft limit, which allows the system to accept a deposit over the field's value and prompting it to be held for review? Authorized DeposZip Administrators can simply check the box next to the Per Deposit Amount Threshold on the Risk Profile Setting screen. This function can be turned on or off by risk profile type, and you may set a cap for your hard limit. Your members will benefit from this flexibility as you balance the need for security and administrative review. Please contact the Implementations and Support department ([support@vertifi.com](mailto:support@vertifi.com)) at 800.428.1144, Ext. 2 to learn more.

## SAVE THE DATE: UPCOMING EVENTS

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

EasCorp's 46<sup>th</sup> Annual Meeting  
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).*



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