



InfoSight Highlight

How Does the FACT Act Impact Credit Unions?

There are several requirements created by the Fair and Accurate Credit Transactions Act (FACT Act), including:

1. Developing policies and procedures to identify potential instances of identity theft;
2. Taking certain precautions before extending credit to consumers who have placed fraud alerts in their files;
3. Requiring financial institutions to reconcile potentially fraudulent consumer address information;
4. Requiring lenders to disclose their contact information on consumer reports; and
5. Requiring that consumers be notified when a financial institution (or merchant, finance company, etc.) reports negative information to a credit bureau.

Credit unions must address the above list of requirements as detailed by the FACT Act which are outlined more specifically in the FACT Act [Detailed Analysis](#) page in InfoSight.

Compliance News

Operating Fee Scale for 2015

In **Letter to Federal Credit Unions 15-FCU-01**, the National Credit Union Administration (NCUA) informs Federal Credit Unions (FCU) that the Board has decreased the 2015 operating fee scale by 0.9 percent for federal credit unions with assets over \$1 million. In so doing, a majority of the NCUA Board also extended the exemption for federal credit unions with assets of less than \$1 million. These smallest federal credit unions will not be charged any operating fee for a third consecutive year.

The Letter contains a [chart](#) that will help FCUs calculate the exact dollar amount of their credit union's operating fee. The chart also references the web link to NCUA's online calculator, which can be found at <http://opfee.ncua.gov>.

GEORGIA CREDIT UNION

Affiliates

InfoSight
Compliance eNEWSLETTER
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Credit Union National Association

Compliance Video

Compliance Connection Video

In this video, League InfoSight CEO Glory LeDu talks about the highlights from the 4th Quarter of 2018 and the 1st Quarter of 2019.

When S.2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, passed in 2018 there was a lot to understand! Glory LeDu, League InfoSight CEO, provides [Part 1 in this short video](#) to break it down for you.

Just a reminder that Compliance videos since 2016 can be found on YouTube at [the Compliance Connection](#)

In **March**, federal credit unions with assets greater than \$1 million will receive an invoice for their 2015 operating fee. At the same time, all federally insured credit unions will receive notice of any amount needed to adjust their Share Insurance Fund capitalization deposit to one percent of insured shares.

NCUA will combine operating fees and capitalization deposit adjustments into a single payment that will be due **April 15, 2015**.

Regulator Guidance on Private Student Loans

A [press release](#) from the federal financial regulatory agencies (OCC, FRB, FDIC, NCUA and the CFPB), in partnership with the State Liaison Committee (SLC) of the Federal Financial Institutions Examination Council (FFIEC), announces the issuance of [guidance](#) for financial institutions on private student loans with graduated repayment terms at origination. The guidance provides principles that financial institutions should consider in their policies and procedures for originating private student loans with graduated repayment terms.

The NCUA has also issued [Letter to Credit Unions 15-CU-02](#) on the subject.

The Consumer Financial Protection Bureau's (CFPB) Blog features an [article](#) reviewing the plight of students who are struggling to manage their student loan debt. The text contains links to various resources that may be of assistance.

Cybersecurity Risk Assessment

Question: What are some of the issues credit unions should consider when conducting a cybersecurity risk assessment?

Answer: According to [CUNA's Compliance Blog](#), this past summer, the FFIEC piloted a [cybersecurity examination work program](#) at over 500 community financial institutions to evaluate their preparedness to

[channel](#), where they are generally updated quarterly.

Compliance Calendar

February 16
Washington's
Birthday/President's Day -
Federal Holiday

March 3
Permissible Derivatives
Effective Date

March 8
Daylight Savings Time Begins

March 30
NACHA Operating Rules
Changes

April 24
5300 Call Report Due to NCUA

April 30
Credit Card Quarterly
Agreement Submission Due to
CFPB (10,000 or more open
credit card accounts)

May 25
Memorial Day - Federal
Holiday

[Click here for upcoming
compliance dates.](#)

Compliance Training

mitigate cyber-risks. As a result of this pilot, the agencies released the [“FFIEC Cybersecurity Assessment General Observations.”](#)

The document is “not to be construed as guidance” according to the FFIEC. However, it does provide some useful questions that credit union boards and management may consider when assessing their own credit union’s cybersecurity preparedness. Questions such as:

- What types of network connections does my credit union have (e.g., virtual private networks, wireless networks, local area networks & “bring your own device” or “BYOD”)?
- How are we managing these connections in light of the rapidly evolving threat and vulnerability landscape?
- How do we evaluate evolving cyber-threats and vulnerabilities in our risk assessment process for the technologies we use and the products and services we offer?
- How do our connections, products and services offered, and technologies used collectively affect our financial institution’s overall inherent cybersecurity risk?

In addition, the FFIEC assessment reviewed institutions’ current practices and overall preparedness, focusing on risk management and oversight; threat intelligence and collaboration; cybersecurity controls; external dependency management; and cyber-incident management and resilience. Some questions to consider in these areas included the following:

Risk management: What is the process for ensuring ongoing and routine discussions by the board and senior management about cyber threats and vulnerabilities to our credit union? What is the process for ensuring ongoing employee awareness and effective response to cyber-risks (e.g., routine training and awareness programs)?

Threat intelligence & collaboration: What is the process to gather and analyze threat and vulnerability information from multiple sources? How do we leverage this information to improve risk management practices? What reports are provided to our board on cyber events and trends? Who is accountable for maintaining relationships with law enforcement?

Cybersecurity controls: What is the process for determining and implementing preventive, detective, and corrective controls on our financial institution’s network?

External dependency management: How is our credit union connecting to third parties and ensuring they are managing their

February 4, 2015
[ID Theft Red Flags and Check Fraud for the Frontline](#) - Webinar
2:00 - 3:30 p.m. EST

February 10 – April 9, 2015
[CUNA Regulatory Compliance Introduction eSchool](#)
2:00 – 4:00 p.m. EST

February 11, 2015
[Immigration Executive Order and Financial Inclusion Part 2](#) - Webinar
2:00 – 3:00 p.m. EST

February 16, 2015
[Examination Guidance for Directors](#) - Webinar
2:00 - 3:00 p.m. EST

February 18, 2015
[Opportunities in the Underserved Market](#) - NCUA Webinar
2:00 p.m. EST

February 18, 2015
[2015 Tax Refunds](#) - Webinar
2:00 – 3:00 p.m. EST

February 18, 2015
[Expiring ITINs and Form W-8BEN](#) - Webinar
2:00 – 3:00 p.m. EST

February 18 – 19, 2015
[Sales & Service Boot Camp](#)
Atlanta, Georgia

February 19, 2015
[ABCs of Collections](#) - Webinar
12:00 – 1:30 p.m. EST

cybersecurity controls? What are our third parties' responsibilities during a cyber-attack? How are these outlined in incident response plans?

Cyber-incident management and resilience: In the event of a cyber-attack, how will our credit union respond internally and with members, third parties, regulators, and law enforcement? How are cyber-incident scenarios incorporated in our credit union's business continuity and disaster recovery plans? And most importantly, have these plans been tested?

In addition, the FFIEC recommended that financial institutions of all sizes consider participation in the FS-ISAC as part of their process to identify, respond to, and mitigate cybersecurity threats and vulnerabilities. Information is available [here](#).

For information on the Cybersecurity Assessment and other cyber-related issues, visit the [FFIEC Web site's Cybersecurity Awareness](#).

Your CU Should Know...

NCUA Webinar on Underserved Market Opportunities: The NCUA will host a webinar, "[Opportunities in the Underserved Market](#)," on **February 18, beginning at 2:00 p.m. EST**.

NCUA Posts New ID Theft Resources for Consumers: New resources are available from the NCUA to help consumers protect themselves from identity theft and take action if they believe they have been victimized. According to the NCUA, more than 16 million Americans were victims of identity theft in 2012, the most recent year data is available, which resulted in more than \$24 billion in losses.

The NCUA has updated its [MyCreditUnion.gov](#) website in conjunction with those efforts. The new NCUA [webpage](#) explains the basics of identity theft, how to uncover it and how to repair potential damage.

February 19, 2015
[Payments Systems Fraud for Compliance Staff](#) - Webinar
2:00 – 3:00 p.m. EST

February 25, 2015
[Mandatory Repossession Letters and How to Avoid Common Mistakes](#) - Webinar
1:00 – 2:15 p.m. EST

March 4, 2015
[Collection Compliance Do-s and Don't-s for the Frontline](#) - Webinar
2:00 - 3:00 p.m. EST

March 10, 2015
[8 Hour SAFE Comprehensive Mortgage Loan Originator Course #4528 \(NMLS #1405021\)](#)
8:30 – 5:00 p.m.

March 11, 2015
[Recognizing Financial Elder Abuse for the Frontline](#) - Webinar
2:00 - 3:30 p.m. EST

March 23, 2015
[The Director - A Guide to Effectively Working with the Supervisory Committee](#) - Webinar
2:00 - 3:00 p.m. EST

March 25, 2015
[Bankruptcy Best Practices for Credit Unions](#) - Webinar
12:00 – 1:00 p.m. EST

March 31 – April 9, 2015
[Protecting Members Under Reg](#)

Other resources available from the NCUA include: a [Frauds and Scams page](#), fraud prevention [YouTube videos](#) and an [identity theft prevention page](#).

CFPB Supervisory Compliance Bulletin: The CFPB has [announced](#) the issuance of [Compliance Bulletin 2015-01](#) to remind supervised financial institutions, including nonbank companies that may be unfamiliar with federal supervision, of existing regulatory requirements regarding confidential supervisory information. The bulletin provides guidance on what types of information constitute confidential supervisory information. The bulletin also explains that disclosure of confidential supervisory information is not allowed, with limited exceptions.

Loan Originator Compensation Rule Video Available: The FDIC has [released](#) the second in a series of three new technical assistance videos developed to assist bank employees in meeting regulatory requirements. These videos address compliance with certain mortgage rules issued by the CFPB. The first video, released on November 19, 2014, covered the [Ability to Repay and Qualified Mortgage Rule](#). The second video covers the [Loan Originator Compensation Rule](#), and the third video, expected to be released in February 2015, will cover the [Servicing Rule](#).

NY AG gets Citibank ChexSystems Policy Commitment: New York Attorney General Eric Schneiderman has [announced](#) that Citibank, N.A. has agreed to adopt new policies governing its use of ChexSystems, a consumer reporting agency that is often used to screen people seeking to open checking or savings accounts. Citibank's new policies are expected to allow thousands of additional New Yorkers and consumers nationwide to open bank accounts by March 15, 2015. The change comes amid concerns that screenings by ChexSystems and other consumer reporting agencies, which are used by most of the nation's banks, adversely affect lower-income applicants and force them to turn to high-cost alternative financial services like check-cashing outlets.

With this agreement, Citibank now joins Capital One as the second bank to commit to overhaul its use of ChexSystems. According to the AG's release, although Citibank will continue screening customers for

[E - Webinar Series](#)
2:00 – 3:00 p.m. EST

April 1, 2015
[New Accounts for the Frontline: Compliance Issues to Watch For](#) - Webinar
2:00 - 3:00 p.m. EST

April 7, 2015
[Regulation E for ACH Error Resolution - Which 60 Day Rule Will You Follow](#) - Webinar
2:00 - 3:00 p.m. EST

April 9, 2015
[Sharpening Your Skip Tracing Skills](#) - Webinar
12:00 – 1:30 p.m. EST

April 12-17, 2015
[CUNA Regulatory Compliance School](#)
Las Vegas, NV

April 14, 2015
[Collections & Bankruptcy Update](#)
Atlanta, Georgia

April 23, 2015
[The Redaction Trap - NPI Disclosure Penalties to Avoid](#) - Webinar
12:00 - 1:00 p.m. EST

BSA Training Opportunities through GCUA
[Click here for details](#)

past fraud, it will revamp its so-called "account-abuse" screening so that applicants are not rejected for isolated or minor banking errors, such as paid debts or a small overcharge.

Local Training - Sales & Service Boot Camp

Join us, **February 18 – 19 in Atlanta, GA**, for an interactive session designed to equip you with the skills, behaviors and knowledge to meet and exceed member expectations using specific techniques that will build long-term expanded relationships with your members.

This session is all about:

- Improving service and sales experience and consistency for your members
- Increasing products per household
- Developing a more proactive approach to the way you do business with members
- Enhancing the service, sales and leadership culture within the organization
- Learning techniques to match member needs with appropriate products and services
- Improving bottom-line results
- Creating an environment where members' needs are exceeded
- Selling the "relationship" and the "credit union" not just the product
- Increasing comfort, confidence and professionalism

Note: Credit unions under \$10 million in assets receive a 25% discount by entering promotion code 0925CU on the "Complete Checkout" page. Only one discount applies.

For more information, or to register, please click [here](#).

Comment Calls

Prepaid Accounts

The CFPB has issued a [proposed rule](#) that applies to prepaid accounts (including general purpose reloadable cards as well as other types of

prepaid accounts such as digital wallets) that are offered to consumers. Prepaid products are amongst the fastest growing types of consumer financial products in the U.S.; the total dollar value loaded onto general purpose reloadable cards is expected to grow to nearly \$100 billion through 2014. The CFPB also included a related [blog post](#) and [press release](#).

The proposal would:

- Modify Regulation E to establish specific prepaid account requirements that would require financial institutions to provide certain disclosures to consumers prior to and after the acquisition of a prepaid account;
- Include an alternative to Regulation E's periodic statement requirement that would permit prepaid product providers to make available certain methods for access to account information in lieu of sending periodic statements;
- Apply Regulation E's limited liability and error resolution provisions to prepaid accounts with certain modifications, including applying these provisions after account registration;
- Require prepaid account issuers to provide the bureau with terms and conditions for such accounts, to be posted on a website maintained by the CFPB. Issuers would also be required to post the terms and conditions on their own sites or make them available upon request;
- Subject prepaid cards that access overdraft services or credit features to Regulation Z's credit card rules;
- Require that consumers consent to overdraft services or credit features and give them at least 21 days to repay the debt incurred in connection with using such services or features;
- Amend Regulation E to include disclosures about overdraft services or credit features that could be linked to prepaid accounts; and
- Amend the compulsory use provision under Regulation E to prohibit prepaid account issuers from requiring consumers to set up preauthorized electronic fund transfers to repay credit extended through an overdraft service or credit feature.

While not all credit unions offer prepaid cards, GCUA and CUNA have a variety of concerns about the impact of the proposal on these financial products now and into the future, such as treating overdrafts on prepaid cards as a loan.

GCUA would like to know your comments and/or concerns on this new proposal. Please submit your comments to Selina Gambrell at selinag@gcua.org by **March 9th**.

Regarding RBC2: To stay up-to-date on the latest information on NCUA's Risk Based Capital 2 proposal, please see CUNA's [RBC2 Blog](#).

The [CUNA Regulatory Advocacy Report](#) contains information from the office of the President of CUNA about regulatory issues that affect credit unions. You can view the current report and past reports from the archive.

Click [here](#) to request to be added to the mailing list for this and/or other GCUA email publications.

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