

Inside EasCorp



INSIDE

EasCorp’s 39th Annual Meeting and Partnership Conference 1

What Does the Fed Mean by “Fairly Soon”? 2

Managing the MBL Borrower Relationship..... 2

CU Kids @ Heart Superhero Fun Run.... 3

NCUA Standards for Authentication 4

EasCorp’s 2016 Audited Financial Statements 4

EasCorp and Verifi’s 2016 SSAE 16 and SOC 2 Audit Reports Now Available 5

New Product Users 5

ACUSO Kicks off 2017 Season 5

RDC Helpful Tips and Tricks 5

Upcoming Events 5

EasCorp’s 39th Annual Meeting and Partnership Conference

EasCorp’s 39th Annual Meeting and Partnership Conference will take place on Thursday, May 4, at the Café Escadrille in Burlington, Massachusetts. The program will begin with the annual business meeting, which is your opportunity to learn more about EasCorp’s performance in 2016 and participate in the company’s governance.

The theme for this year’s event is “**All in One Direction**” and we are confident that it will inspire an interesting, informative, and layered conversation about credit union leadership and the challenges of serving multiple generations of member consumers as well as managing staff for this purpose. The pressures on credit unions today are pointing to greater demands for product variety and convenience. These demands strain fundamental capabilities within an organization to influence individuals and teams to work together and communicate well, to reshape teams and processes, and to learn and respond quickly and effectively to changing needs.

To advance this conversation, EasCorp is pleased to present two insightful guest speakers, including author and former culture strategist for Zappos.com, Robert Richman. His program titled “**Culture Hacking**” will make you re-think the core principles of building an organizational culture, as well as the systems necessary for recruiting, managing, training, engaging and leading your people without feeling overwhelmed.

We are also pleased to present Tom Ryan, President and CEO, Langley Federal Credit Union. Tom is a 30-year credit union veteran, who was recruited to lead Langley in 2012. He will present a most compelling leadership story entitled “**Transformation in Progress – A Credit Union Story**” to describe his experiences managing organizational change and how building a new culture was a central component of their business strategy.

The Conference will conclude with a luncheon, award ceremonies and surprises. Program notices are forth coming. We look forward to seeing you.

WELCOME SPRING!

**DAYLIGHT SAVINGS TIME BEGINS
SUNDAY, MARCH 12, 2017**



REMEMBER TO
SET YOUR CLOCKS
AHEAD!

What Does the Fed Mean by “Fairly Soon”?

by Kevin Peters, Assistant Vice President, Investment Services

The headline news on February 22, when the Federal Open Market Committee (FOMC) released the minutes of its previous meeting, was that the next rate hike towards the path to normalization may come "fairly soon." The Committee noted that its decision would tip "if incoming information on the labor market and inflation was in line or stronger than current expectations."

The FOMC didn't change its forecast from the December meeting, sticking by a forecast that the economy would grow at a 2.1 annual percent for 2017 and the unemployment rate would be around 4.5 percent. However, the unemployment rate unexpectedly ticked up last month to 4.8 percent from 4.7 percent in December, while the inflation side of the Fed's dual mandate has been trending upwards towards its 2.0 percent target. Personal consumption expenditures, the FOMC's preferred measure of inflation, grew 1.6 percent in December, up from 0.6 percent a year earlier.

The probability of a hike at the next meeting on March 24, as predicted by the fed futures rate, has been ticking up gradually. During the last full week in February, before the release, the probability was 33 percent, but it is now hovering around 50 percent. Still, only one of 24 of the Fed's primary dealers predicts a hike in March. Four dealers have moved their prediction up to the May meeting, while the bulk are still predicting June. Two dealers don't have a movement until the September meeting.

In the first comments from an FOMC member since the release of the minutes, Federal Reserve Bank of Dallas President Robert Kaplan indicated that March is still a possibility. He said in an interview with Bloomberg News that he would like to "make sure our options for March are open," so that if the economy picks up faster in the second half of the year, the Fed will not have to act so aggressively to choke off inflationary pressures.

Crucial dates to watch before the March 15th meeting will be the January GDP report including the expenditures index to be released on March 1st, as well as the unemployment report released on March 10th. These should provide a key to whether "fairly soon" means a few months from now, or a couple of weeks.

Managing the MBL Borrower Relationship

by Quentin Lewis, Octant Business Services, LLC

Proactively managing borrower relationships is an important component of a successful member business lending program. Done effectively, relationship management protects the credit union from both loan runoff and credit loss while simultaneously providing an opportunity for additional loans and deposits from the borrower. As a result, prioritizing relationship management is a “best practice” incorporated by successful MBL programs.

Relationship management begins during loan origination. A fully-prepared loan officer has conducted prior research on the applicant and will ask insightful questions in an effort to learn about the applicant's financial needs. In addition, the loan officer may want to share relevant industry benchmarks to build credibility and lay the foundations for a successful working relationship with the applicant. These conversations may also lead to the discussion of potential future financial loan covenants and the need for timely submission of relevant financial information i.e. tax returns, personal financial statements etc., an understanding of which needs to be ascertained prior to loan closing.

After the loan has closed/funded, a risk-based calling plan can then be developed that will outline the frequency and potential subject matter of future communication with the borrower. Communication may consist of phone calls and emails as well as an annual (at a minimum) site visit to borrower's place of business/investment property. Topics of discussion might include current business and industry challenges, interim operating results

as well as potential sales opportunities. Results should be documented and included as “file comments” in the borrower’s credit file. These comments will later be included in the annual review of the borrower relationship adding depth to the financial analysis provided by tax returns/financial statements. Documented communications will also allow credit union management to keep abreast of the borrower relationship. This proactive approach to relationship management will alert the credit union of potential poor future loan performance even before other early warning signs such as late payments, past due real estate taxes and cancelled insurance become evident. As an added benefit, it will demonstrate to examiners that adequate governance and controls are present in the MBL program.

From a sales perspective, an understanding of the borrower and his/her business enterprises augmented by strategic and consistent communications will inevitably lead to additional opportunities for deposits and loans with the borrower. As a result, profitability and member retention will increase while loan runoff will decrease spelling success for the credit union and its MBL program. Borrowers pleased with its banking relationship will also provide referrals to the loan officer leading to additional business banking opportunities.

While loan originations always receive a lot of attention and priority, results can be cyclical depending upon the economy, competition and credit union appetite. On the other hand, a performing MBL portfolio will provide an annuity to the credit union in the form of interest income and future sales opportunities, the value of which cannot be emphasized enough.

As a business lending CUSO, Octant Business Services, LLC provides guidance to its clients in the sound management of the borrower relationship. For more information regarding member business lending, contact Quentin Lewis, SVP Client Services, Octant Business Services, LLC at qlewis@octant.us or 508.281.3005.

CU Kids @ Heart Superhero Fun Run

Several members of the 2017 Credit Unions Kids at Heart (CU K@H) Boston Marathon Team participated in a 17-mile ‘Fun Run’ throughout the streets of eastern Massachusetts on Saturday, February 25, along with other charity groups.



Several of our runners getting ready to take on the 17 mile “fun run” in weather more suitable to April than February! Front row left to right: Wisam Al-Baidhani, Asim Mian, Dan O’Brien, Carrie Fitzgerald, Susanne LeLacheur, Marianne Zawacki; Middle row left to right: Caitlin Smith, Mike Murphy, Joe Zampitella, Jr Linden, Val Matsiborchuk; Back row left to right: Mike Rzeszutek, Sean Coveney and Paula Guitard.



Former partners, forever friends and Teammates Andy Martin and Ray Phillips together at the CU Kids @ Heart water stop.



NCUA Standards for Authentication

As you know, online financial transactions carry inherent risks. To minimize these risks, the National Credit Union Administration (NCUA) requires all endpoint systems where online transactions are processed to have the following:

- Restricted administrative rights
- Current anti-virus software (spyware/malware)
- Personal firewall software
- Properly maintained operating system upgrades and patches

NCUA further recommends, but does not require, the following security methods:

- Properly configured endpoint system boot sequence
- Active screensaver passwords
- Active BIOS passwords
- Disabled or removed CD/DVD burners
- Restricted Internet access
- Intrusion detection software
- Properly configured system logging
- Biometric technologies

EasCorp's *Security Guidelines for Online Financial Activity* provides additional recommendations for mitigating security risks inherent to online financial transactions. This document may be accessed via the Due Diligence page of www.eascorp.org by anyone having an EasCorp- or Vertifi-issued digital certificate. If you have any questions, please contact Maureen Fabbri, vice president, risk management at 800.428.1144, ext. 3309 (mfabbri@vertifi.com) or our Technical Support Center at extension 2.

EasCorp's 2016 Audited Financial Statements

EasCorp is pleased to announce that its 2016 Audited Financial Statements have been published to the company's web site at www.eascorp.org, and, once again, EasCorp received an unmodified opinion.

The report can be viewed within the Due Diligence section of the site by anyone having an EasCorp- or Vertifi-issued digital certificate.

The independent accounting firm, CliftonLarsonAllen LLP, performed the audit and provided the Independent Auditor's Report.

New Product Users

DeposZip Mobile

Coast 2 Coast Financial Credit Union
Tampa, FL

Fremont Federal Credit Union
Fremont, OH

ACUSO Kicks Off 2017 Season

The Association of Credit Union Senior Officers (ACUSO) will kick off its 2017 season with a meeting on Tuesday, March 14. The *Executive Leadership Workshop* will be held at the MHA Conference Center, 500 District Avenue, in Burlington, Mass.

ACUSO members can register for this program online at www.eascorp.org by following the News & Events link.



Remote DeposZip Capture Helpful Tips and Tricks Users Reports

Consider the marketing opportunities hidden in your Users Report.

The report can identify lots of important facts. Who are your frequent depositors? Who are your high value depositors? Who signed up for the service but does not actively use it? These metrics will reveal important details about your members' habits that can enhance your marketing efforts.

EasCorp

What together we can do.®

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www.eascorp.org

DEPARTMENTS	EXTENSION
Support Center	2
Adjustments	6
Returns/Item Processing Center	3543
Lending Services/Investments	3325
Business Development	3303
Statement Rendering (main)	3575
Statement Rendering	3571 or 3572

STATEMENT RENDERING FACILITY
6D Gill Street
Woburn, MA 01801
781.932.8934 (fax)

Upcoming Events

EasCorp and Vertifi SSAE16 and SOC 2 Audit Review and Educational Webinar
March 7, 2017, 2:00-3:00 p.m. ET

Association of Credit Union Senior Officers Meeting
March 14, 2017
MHA Conference Center, Burlington, Mass.

Credit Unions Kids at Heart Marathon Team Hop 21 Mile Training Run
March 25, 2017

ALM Academy
March 28-29, 2017
Babson Executive Conference Center, Wellesley, Mass.

Association of Credit Union Senior Officers Meeting
March 29, 2017
Babson Executive Conference Center, Wellesley, Mass.

Credit Unions Kids at Heart Marathon Team 121st Running of the Boston Marathon
April 17, 2017, Boston, Mass.

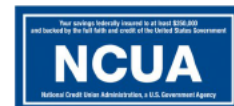
EasCorp 39th Annual Meeting and Partnership Conference
May 4, 2017
Café Escadrille, Burlington, Mass.

Association of Credit Union Senior Officers Meeting
May 16, 2017
MHA Conference Center, Burlington, Mass.

Credit Unions Kids at Heart Annual Invitational Golf Tournament
September 18, 2017
Tedesco Country Club, Marblehead, Mass.

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National Credit Union Administration,
a U.S. Government Agency

Save the Date

**EasCorp's 39th Annual Meeting &
Partnership Conference**

All in One Direction



Thursday, May 4, 2017
Burlington, MA