



**WELCOMES YOU TO THE 11TH
ANNUAL CONVERSATIONS
ON COMPLIANCE!**

Wifi Name: Marriott Conference
Password: GRRIS_30X30

May 13, 2026

AuditLink

CU*ANSWERS Management Services

May 2026

Intelligent Fraud Monitoring: Leveraging Abnormal Activity Detection

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AVP-AuditLink
CU*ANSWERS

AuditLink
CU*ANSWERS Management Services



SPEAKER

AJ Schalk began working at CU*Answers in 2021 as a Client Service Representative. In this role, AJ developed fundamental knowledge of the functionality of the CU*BASE software suite, as well as a growing passion for assisting clients. These skills quickly moved AJ to serve as an Account Executive on the Cards & Payments team, where he managed intricate projects for bill pay and debit card data conversions. Along with project management and ongoing specialized client support, AJ honed his skills to gain a greater understanding of the risk assessment necessary within the world of EFT. In 2023, AJ became a NAFCU Certified Compliance Officer (NCCO) and joined the AuditLink Team as AVP. As the leader of AuditLink, AJ manages business operations and utilizes his regulatory skill set to assist credit unions in alleviating the regulatory mandates that they face daily, as well as preparing credit unions for auditor visits and requests. As an effective and dynamic communicator, AJ prides himself in his ability to train credit unions on BSA and high-risk management with the CU*BASE software suite to ensure that credit unions understand the dept of the software and remain in compliance.



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KEY ITEMS

Agenda



**Goals of Fraud
Monitoring**



Importance of Data



Building Patterns



**Putting It All
Together**



What's Coming

Goals of Fraud Monitoring Program



Are we asking the right questions?



- **What is our exposure to risk in certain areas?**
 - Do we have an elderly membership base? What does that mean? What should we monitor for?
- **Are these areas of risk addressed in our risk assessment and are controls in place already to help mitigate risk?**
 - For example, are we manually reviewing remote deposit captures? If so, do we need to aggressively monitor patterns and duplicate efforts?
- **Are our subject matter experts using their talents in a maximum value way?**
 - How can we isolate down specific transactions to monitor to ensure we aren't spending too much time on areas where risk is minimal
- **Are we comfortable with the residual risk?**

A Balancing Act

Credit Unions have a goal to stay compliant, protect their members/reputation, avoid loss, and not burnout employees. **How can we accomplish this without paying a heavy cost?**

That's where CU*Answers comes in!

CU*Answers has dedicated resources to providing fraud monitoring solutions build directly into the CORE.

“But AJ we aren't sure how to use these tools or how to properly configure the patterns!”

Our teams stand by to train, analyze data, or even build and monitor these patterns on your behalf.



Simplifying Monitoring

- By answering those questions, you begin to determine where your areas of focus should be directed.
- By understanding and utilizing the tools available in CBX you can build patterns to address those areas.
- And it all starts with **DATA**.

Importance of Data



Importance of Data

Data Driven Analytics

- Basing abnormal activity patterns based on
 - A. Your exposure to risk, and
 - B. A data Analysis on how your members utilize the transaction method.
 - C. What products are most affected, which products pose limited to no risk?

Prevent Throwing Darts At a Board

- Use this analysis as your reason to “why” we set these patterns at particular thresholds.

Understand What Data Provides Value

- If a transaction is flagged as abnormal and doesn't pass the initial sniff test, what data points are you looking to next?
- Name mismatch, are the funds still in the membership, do they have a history of this type of activity?

Building Patterns



Types of Patterns

Each pattern is built to uncover different types of transactions that could be considered abnormal. Not each pattern type will be useful for each credit union.

Idle

- Looking to see if a member had activity where they did not have activity over a configurable number of days.

Out of the Ordinary

- Looking for a percentage increase in the members transaction volume compared to configured number of days.
- Looking for a percentage increase in the members transaction dollar amount compared to configured number of days.

Velocity

- Uncovering an increase of transactions in a period of time based on transaction volume and dollar amount thresholds.

Determining Pattern Based On Use Case

Let's use an example...

Use case: We want to satisfy NACHA requirements to monitor ACH deposit activity.

Idle? Out of the Ordinary? Velocity? A Combination?



It Depends!

Base your **risk-based approach** off the **risk involved!**

Once your case has been made you may determine that an out of the ordinary pattern suits your credit union best.

If you determine you'd like to review any ACH that is above a certain threshold, a velocity pattern makes the most sense.



Building a Pattern

Configure Abnormal Activity Monitoring Settings

Continue

Set Up Transaction Patterns to Monitor

Pattern name: Last maintained: 05/01/2025 by %X AJ SCHALK

Description:

Saving product(s) to watch: SH SD CD IR TX

Loan product(s) to watch: Closed-end (E) Open-end (O) Construction (C) Line of Credit (L)
 Student loans (S/P) Mortgage (M) Credit Cards (V)

Specific Transactions to Include

Origin code(s):

Include only shared branch transactions
 Include only if RDC transaction
 Include only if P2P transaction

Include:

Trans code(s) to include: CU MCC group:

Pattern Type

Choose one

- Velocity trigger (# and/or amount of transactions in a certain period)
- Idle activity trigger (# and/or amount of transactions after period of inactivity)
- Out-of-the-ordinary trigger (% increase in # and/or amount of transactions compared to prior period)



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Loan product(s) to watch Closed-end (E) Open-end (O) Construction (C) Line of Credit (L)

Student loans (S/P) Mortgage (M) Credit Cards (V)

Specific Transactions to Include

Origin code(s) **1 Selected**

Include only shared branch transactions

Include only if RDC transaction

Include only if P2P transaction

Include

Trans code(s) to include **Select** CU MCC group **Select**

Pattern Type

Choose one

- Velocity trigger (# and/or amount of transactions in a certain period)
- Idle activity trigger (# and/or amount of transactions after period of inactivity)
- Out-of-the-ordinary trigger (% increase in # and/or amount of transactions compared to prior period)



Building a Pattern

Configure Abnormal Activity Monitoring Settings

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Set Up Transaction Patterns to Monitor

Pattern name: ACH DEP \$ Last maintained: 05/01/2025 by: %X AJ SCHALK

Description: Out of the ordinary ACH Deposit Activity

Saving product(s) to watch: SH SD CD IR TX

Loan product(s) to watch: Closed-end (E) Open-end (O) Construction (C) Line of Credit (L)
 Student loans (S/P) Mortgage (M) Credit Cards (V)

Specific Transactions to Include

Origin code(s): 1 Selected

Include only shared branch transactions
 Include only if RDC transaction
 Include only if P2P transaction

Include: Any transaction

Trans code(s) to include: Select CU MCC group: Select

Pattern Type

Choose one

- Velocity trigger (# and/or amount of transactions in a certain period)
- Idle activity trigger (# and/or amount of transactions after period of inactivity)
- Out-of-the-ordinary trigger (% increase in # and/or amount of transactions compared to prior period)



Building a Pattern

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- Out-of-the-ordinary trigger (% increase in # and/or amount of transactions compared to prior period)



Building a Pattern

Set Up Transaction Patterns to Monitor

Pattern name **ACH DEP \$** Last maintained **05/01/2025** by **%X AJ SCHALK**

Description **Out of the ordinary ACH Deposit Activity**

Out-of-the-ordinary Triggers

For Individual Memberships

Watch for % or higher increase in average # of transactions over a -day period

Compared to average count over the past days

Look at an account only if there were at least transactions over that period

Watch for % or higher increase in average daily trans amounts over a -day period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Look at an account only if there were transactions totaling at least during that period

For Organizational Memberships

Watch for % or higher increase in average # of transactions over a -day period

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Watch for % or higher increase in average daily trans amounts over a -day period

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Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Look at an account only if there were transactions totaling at least during that period



Building a Pattern

Set Up Transaction Patterns to Monitor

Pattern name **02 ACH \$** Last maintained **04/20/2026** by **%X AJ SCHALK**
Description **Out of the ordinary ACH deposit activity**

Out-of-the-ordinary Triggers

For Individual Memberships

Watch for % or higher increase in average # of transactions over a -day period

Compared to average count over the past days

Look at an account only if there were at least transactions over that period

Watch for % or higher increase in average daily trans amounts over a -day period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Look at an account only if there were transactions totaling at least during that period

For Organizational Memberships

Watch for % or higher increase in average # of transactions over a -day period

Compared to average count over the past days

Look at an account only if there were at least transactions over that period

Watch for % or higher increase in average daily trans amounts over a -day period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Look at an account only if there were transactions totaling at least during that period



Look at an account only if there were transactions totaling at least during that period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Building a Pattern

Set Up Transaction Patterns to Monitor

Pattern name **02 ACH \$** Last maintained **04/20/2026** by **%X AJ SCHALK**

Description **Out of the ordinary ACH deposit activity**

Out-of-the-ordinary Triggers

For Individual Memberships

Watch for % or higher increase in average # of transactions over a -day period

Compared to average count over the past days

Look at an account only if there were at least transactions over that period

Watch for % or higher increase in average daily trans amounts over a -day period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Look at an account only if there were transactions totaling at least during that period

For Organizational Memberships

Watch for % or higher increase in average # of transactions over a -day period

Compared to average count over the past days

Look at an account only if there were at least transactions over that period

Watch for % or higher increase in average daily trans amounts over a -day period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Look at an account only if there were transactions totaling at least during that period



Look at an account only if there were transactions totaling at least during that period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Building a Pattern

Set Up Transaction Patterns to Monitor

Pattern name **O2 ACH \$** Last maintained **04/20/2026** by **%X AJ SCHALK**

Description **Out of the ordinary ACH deposit activity**

Out-of-the-ordinary Triggers

For Individual Memberships

Watch for % or higher increase in average # of transactions over a -day period

Compared to average count over the past days

Look at an account only if there were at least transactions over that period

Watch for % or higher increase in average daily trans amounts over a -day period

Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

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Compared to average count over the past days

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Compared to average \$ amount over the past days Calculate average based on # of days # of transactions in the period

Putting It All Together






Putting It All Together


- Address patterns in risk assessment and procedures
- Create patterns that address areas that need control
- Run patterns daily
- Generate report
- Work alerts






Tool #537

Date to monitor  Show only members with due diligence flag 

Account base to monitor Show results only for pattern(s) 

Flag if member age is below or above Show most recent notes for the: 

DD	Account	Member Name	Age	*	Pattern	Trigger
0			61		O8 TLR #	# trans up 111%, \$ amt up 156% (over 3 days comp to 30-day avg)
0			58		I5 Debit #	1 trans totaling \$250 after 60 days of no activity
0			52		O10 HB S	# trans up 366%, \$ amt up 999% (over 7 days comp to 90-day avg)
0			54		O8 TLR #	# trans up 999%, \$ amt up 999% (over 3 days comp to 30-day avg)
0			59		O8 TLR #	# trans up 900%, \$ amt up 999% (over 3 days comp to 30-day avg)
0			63		O3 ATM #	# trans up 160%, \$ amt up 216% (over 30 days comp to 90-day avg)
0			86		O9 Dfts #	# trans up 999%, \$ amt up 999% (over 3 days comp to 90-day avg)
0			66		O10 HB S	# trans up 999%, \$ amt up 999% (over 7 days comp to 90-day avg)
0			66		O9 Dfts #	# trans up 999%, \$ amt up 999% (over 3 days comp to 90-day avg)
0			71		V2 RDC 2DY	2 trans totaling \$450 over a period of 30 days
0			77		O10 HB S	# trans up 222%, \$ amt up 458% (over 7 days comp to 90-day avg)
0			55		V2 RDC 2DY	4 trans totaling \$3,090 over a period of 30 days
0			55		O6 RDC #	# trans up 700%, \$ amt up 999% (over 60 days comp to 90-day avg)
0			55		O10 HB S	# trans up 557%, \$ amt up 999% (over 7 days comp to 90-day avg)
0			61		O8 TLR #	# trans up 450%, \$ amt up 999% (over 3 days comp to 30-day avg)
0			88		O8 TLR #	# trans up 999%, \$ amt up 999% (over 3 days comp to 30-day avg)

Options...   

Total # of accounts **980**



Tool #537

Date to monitor

Account base to monitor

Flag if member age is below or above

Show only members with due diligence flag

Show results only for pattern(s)

Show most recent notes for the:



DD	Account	Member Name	Age	*	Pattern	Trigger
0			61		O8 TLR #	# trans up 111%, \$ amt up 156% (over 3 days comp to 30-day avg)
0			58		I5 Debit #	1 trans totaling \$250 after 60 days of no activity
0			52		O10 HB S	# trans up 366%, \$ amt up 999% (over 7 days comp to 90-day avg)
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Options...


Total # of accounts 980






Tool #537

Date to monitor  Show only members with due diligence flag 

Account base to monitor Show results only for pattern(s) 

Flag if member age is below or above Show most recent notes for the: 

DD	Account	Member Name	Age	*	Pattern	Trigger
0			61		O2 ACH \$	# trans up 0%, \$ amt up 503% (over 1 days comp to 90-day avg)
0			53		O2 ACH \$	# trans up 0%, \$ amt up 666% (over 1 days comp to 90-day avg)

Options...   

Total # of accounts 2

Tool #537

Export >


Member Connect >

Show Tracker Info >

Common Bonds >

Print Reports >

Data Source >

Date to monitor  Show

Account base to monitor Show

Flag if member age is below or above Show

DD	Account	Member Name	Age *
0	[REDACTED]	[REDACTED]	61
0	[REDACTED]	[REDACTED]	53



Tool #537

4/20/26 14:28:23
RUN ON 4/20/26

TEST CREDIT UNION
ABNORMAL ACTIVITY MONITORING REPORT
CURRENT MONTH

IMTAAI

PAGE 1
USER AJS

DD ACCOUNT MEMBER NAME

DD	ACCOUNT MEMBER NAME	AGE *	PATTERN	TRIGGER
0	[REDACTED]	61	O2 ACH \$	# trans up 0%, \$ amt up 503% (over 1 days comp to 90-day avg)
0	[REDACTED]	53	O2 ACH \$	# trans up 0%, \$ amt up 666% (over 1 days comp to 90-day avg)

END OF REPORT

What's Coming?



What is the future of Abnormal Activity?

Expanding patterns from just transactions to member information updates, recent enrollments, file maintenance, etc.

Utilizing the new patterns to allow for the building of IF/THEN cross channel patterns that are flexible. For example, a credit union could build a pattern that looks for excessive home banking logins and **IF** that is true **THEN** the member has an outgoing home banking transfer it would trigger an alert.

Determining the balance between, making this out of the box ready and configurable flexibility by the credit union. Thoughts?

Consolidating this information into a single hub where credit unions can manage their workload and see what their day looks like.

GETTING STARTED WITH
**AUDITLINK DAILY
ABNORMAL ACTIVITY
MONITORING**
WITH **CBX**

Services Overview

Questions?





**Let's Take a 15 Minute
Break**

AuditLink

CU*ANSWERS Management Services

- +
 -

Using Your Data to Proactively Address Fraud

Matthew Collins

Business Intelligence Analyst, CU*Answers



Defining Abnormal Activity



Velocity Patterns → Based on Transaction Behavior across Credit Union



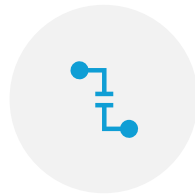
Out-of-Ordinary Patterns → Based on Transaction Behavior for Specific Member



Idle Patterns → Focused on Detecting New Use Channels



Non-Transactional → How to Use Non-Transactional Data to Better Prevent Fraud?



How do we merge the transactional and non-transactional to develop a comprehensive risk profile?



What Questions Do We Ask?



- What are the common fraud vectors?
 - Elder Abuse
 - Account Takeover
 - Structuring and Cash-Intensive Accounts
 - Can you help define other “risk profiles?”
 - What account characteristics and behaviors are you analyzing when reviewing a potentially fraudulent account?
 - For elderly abuse, what age(s) do you use to determine susceptibility?
 - What transaction types catch your eye?
 - Do you review their online presence?
 - What level of income or liquid capital is most heavily exploited?
 - How do we apply relative weights to these risk factors?
-

What Would You Consider the Common Risk Vectors?

Elderly
Exploitation

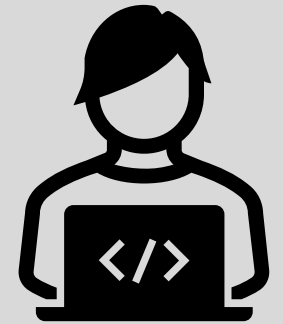
Account
Takeover

Structuring

Insider
Fraud

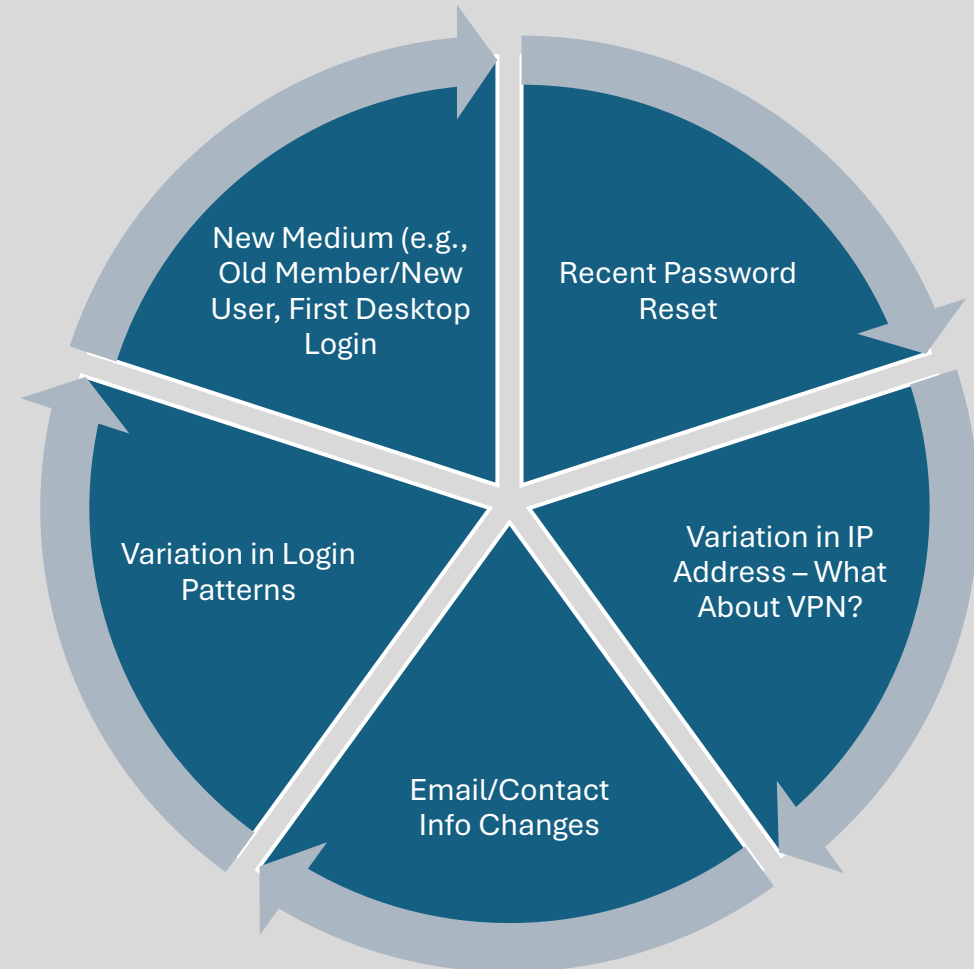
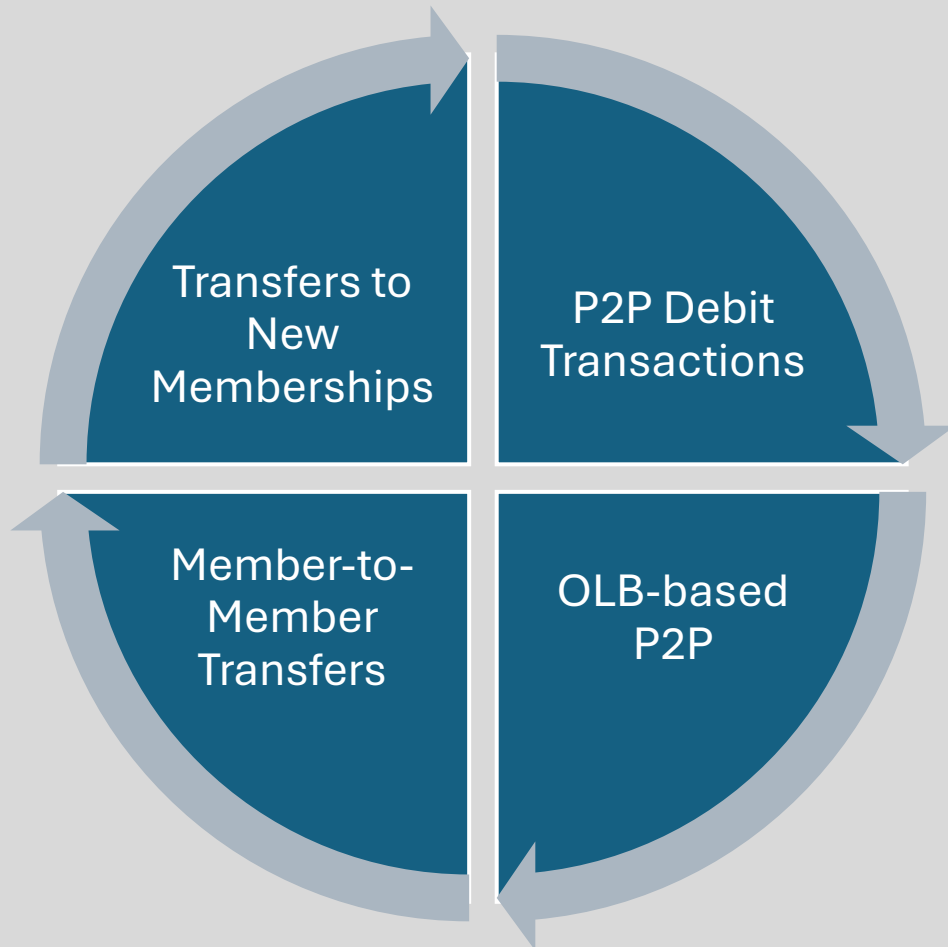
Romance
Scams

Potential Online Banking Compromise



Transactional

Non-Transactional



What Do You Pay Most Attention to When Reviewing an Account?

Demographic
Information

Overall
Financial
Health


Transaction
Patterns

Online
Presence

A large circle with a gradient from dark blue at the top to orange at the bottom. In the top-left corner of the circle is a small orange plus sign (+). In the top-left corner of the slide is a small orange circle (o). In the bottom-right corner of the circle is a small orange dot (•).

Using Statistics to Set Patterns

Why should we care?

- Over 3.4 Million ACH Deposits on CU*Answers Production Server in April 2026
 - NCUA Guidance for Monitoring Abnormal ACH Deposit Patterns
 - Protect Your Members
 - Protect Your Institution
- 
- A thin vertical line on the right side of the slide, colored with a gradient from blue at the top to orange at the bottom.

Network-Wide Analysis

- Extracted Non-PII ACH Deposit Details for over 3.4 Million Transactions in April 2026
- Over 975,000 Members
- Over \$4.1 Billion
- Custom Python Script to Calculate Normal Behavior Across for Individuals versus Organizations

```
{'Count': 'count', 'Mean': 'mean', 'Std_Dev': 'std', 'Median': 'median', '1st_Quartile': <function setSummaryFunctions.<locals>.<lambda> at 0x000001FDBE762FC0>, '3rd_Quartile': <function setSummaryFunctions.<locals>.<lambda> at 0x000001FDBE763100>, 'Values_List': <function setSummaryFunctions.<locals>.<lambda> at 0x000001FDBE762DE0>}
```

	UID	DIR	TRORIG	count_value	mean_value	stdev_value	median_value	q1_value	q3_value
0	00201T6YGVAEL1K	2	11	2	6363.345000	35.348268	6363.345	6350.8475	6375.8425
1	00205L7J5LJX4C3	2	11	1	607.000000	NaN	607.000	607.0000	607.0000
2	00209EI19LE56YH	2	11	9	505.364444	324.735754	641.070	223.8700	753.9500
3	00209V8TR3A53HM	2	11	5	1379.666000	1429.288554	806.500	337.4000	2004.0000
4	0020D3EJZ4Y7S2U	2	11	5	1296.498000	743.981900	1004.090	731.0000	1932.5000
...
975392	650ZXK2G8HUELND	2	11	2	2144.000000	1579.676549	2144.000	1585.5000	2702.5000
975393	650ZXKMFQUHLIRN	2	11	2	1073.570000	1034.398226	1073.570	707.8550	1439.2850
975394	650ZXKMYV2GUHBZ	2	11	1	1629.000000	NaN	1629.000	1629.0000	1629.0000
975395	650ZYCGH1MGHBIZ	2	11	2	3196.615000	314.372604	3196.615	3085.4675	3307.7625
975396	650ZYW31FWD8LNR	2	11	4	1699.830000	501.678525	1589.000	1339.5000	1949.3300

[975397 rows x 9 columns]

Network-Wide Results


- For Individuals, the Average ACH Deposit Amount is \$1,142
- For Organizations, this Increases to \$2,278
 - Much More Variability!
- Remember, Outliers will Always Skew Results!
- Two Methods to Determine Outlier Amount:
 - IQR Method → Greater than \$2,586 for Individuals
 - Z-Score Method → Greater than \$18,613 for Individuals
- We have Used the Z-Score Method for Large Populations in the Upcoming Slides where 3+ Standard Deviations More Than Average is an Outlier



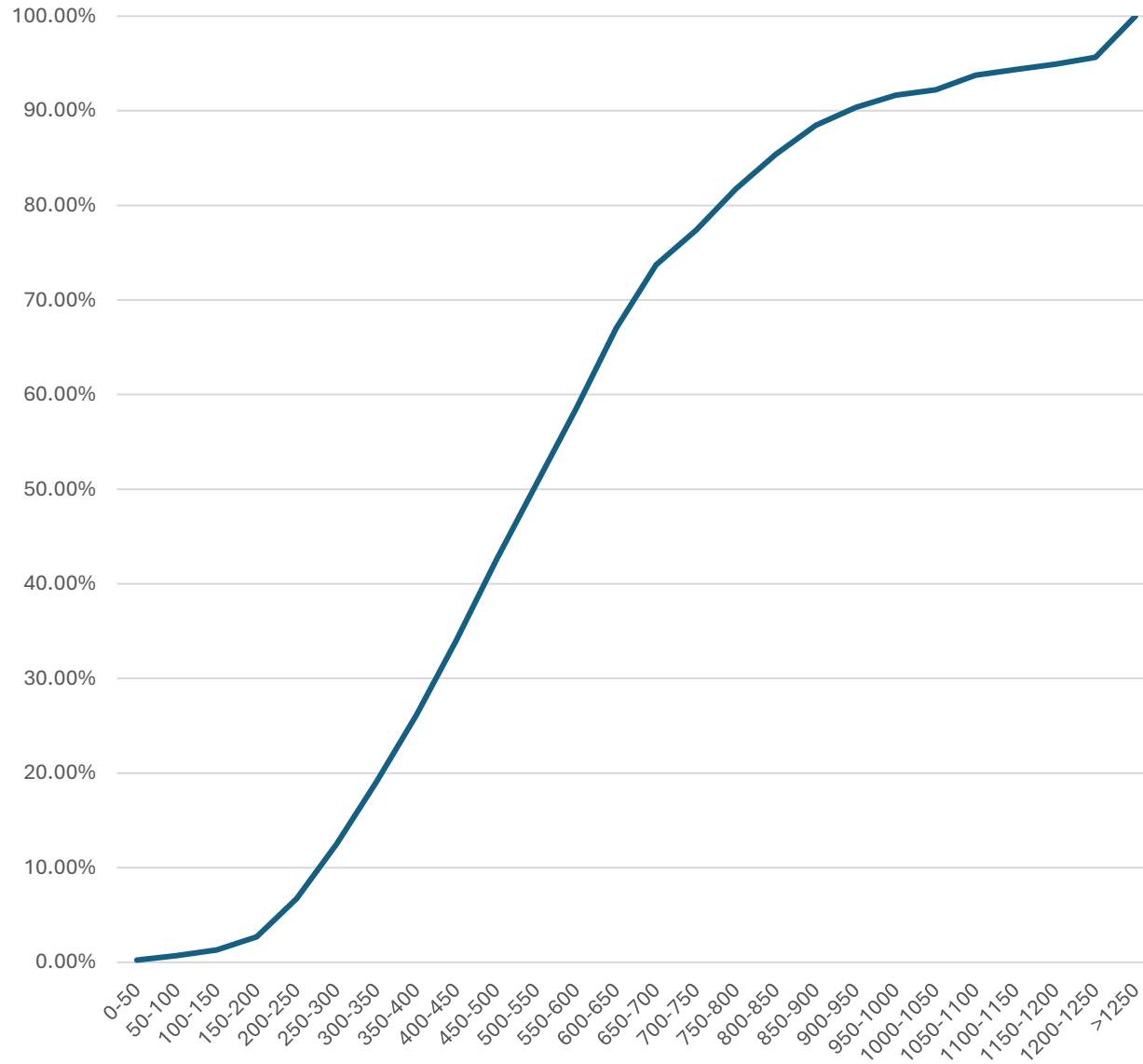
Using Statistics to Set Patterns



Out of Ordinary Patterns

- Start by extracting all transaction history over a period of time for a specific channel.
 - For example, all ACH Deposits over the past 90 days
 - Calculate descriptive statistics for individual members.
 - Average, Median, Standard Deviation, etc.
 - For these statistics to have meaning, a large enough population is key!
 - Compare each transaction to “normal” for specific members.
 - For example, use the Z-Score method to calculate the number of standard deviations each transaction is removed from average.
 - In these examples, any transaction with a Z-Score of 3 or More is flagged as abnormal
 - Translate these findings to the percent deviation from average and set tolerances to capture truly abnormal transactions and minimize false positives.
- 

Percent of Abnormal Transactions below
Percent Difference Threshold



	Both	MI	MO
Total Z-Score Exceeded	1012	849	163
Difference (%) Tolerance	500	500	500
Days Analyzed	90	90	90
Flagged Transactions	531	442	89
Percent Caught	52%	52%	55%
False Positives	190	159	31
Abnormal Results Per Day	8.0	6.7	1.3



Using Statistics to Set Patterns



Velocity Patterns

- Start by compiling member-level statistics for per diem transaction count and amount, as well as average transaction amount, for a specific type of transaction (e.g., ACH Deposits).
 - Calculate descriptive statistics across the entire membership. Individuals and Organizations can be analyzed separately, since they use their accounts differently.
 - Determine the minimum number and amount of transactions required to be considered an outlier.
 - IQR Method uses Median and 25th/75th Percentile
 - Z-Score Method uses Average and Standard Deviation
 - The Z-Score method allows you to increase/decrease the value based on your risk tolerance
 - Note that outlier members can skew your statistics! For example, a member that only brings in a single ACH Deposit for \$300,000 in a 90-day period.
-

Individual Summary Statistics

	Transaction Count	Transaction Amount	Daily Amount
Average	1.12	\$1,326.69	\$1,465.77
Median	1.00	\$976.18	\$1,052.17
Std. Deviation	0.27	\$3,398.73	\$3,510.54
1st Quantile	1.00	\$426.00	\$463.88
3rd Quantile	1.13	\$1,650.79	\$1,825.93
IQR	0.13	\$1,224.80	\$1,362.05
Minimum	1.00	\$0.01	\$0.01
Maximum	6.00	\$390,000.00	\$390,000.00
Upper IQR Bound	1.33	\$3,487.98	\$3,869.00


Set Z-Score Tolerance:	3
Transaction Count Threshold	1.92
Transaction Amount Threshold	\$11,522.89
Daily Amount Threshold	\$11,997.39

Note: you can delete anomalously high outlier values from the PasteIndividuals table to reduce the average and standard deviation. For example, set the Z-Score Tolerance to 10 and remove rows that are in excess of this amount.

A large circle with a gradient from dark blue at the top to orange at the bottom. In the top-left corner of the circle is a small orange plus sign. In the top-left corner of the slide is a small orange circle. In the bottom-right corner of the circle is a small orange dot. The text "Using Statistics to Set Patterns" is centered in white.

Using Statistics to Set Patterns

What do I do with this information?

- These statistical analyses can be used to directly plug numbers into your new or existing abnormal activity patterns in CBX.
 - AuditLink can assist with setting up these patterns, as well as providing services to continuously review the results and consult with you on pattern adjustments.
 - Your credit union has all the tools to do this yourself! The Asterisk Intelligence team can step you through the analysis process and provide you with the source queries for under \$300.
- 
- A thin vertical line on the right side of the slide, colored blue at the top and orange at the bottom.

New Explorations and Recent Projects



POTENTIAL VIEW
TABLE FOR MEMBER
RISK PROFILES



STATISTICAL ANALYSES
FOR ABNORMAL
ACTIVITY



EXPLORING MACHINE
LEARNING IN FRAUD
DETECTION



POTENTIAL FOR
INCIDENT TRACKING
ENHANCEMENTS



ONLINE BANKING RISK
REPORTS



Time for Lunch!

AuditLink

CU*ANSWERS Management Services

Presented by Joshua Velasquez

NCUA'S 2026 SUPERVISORY PRIORITIES

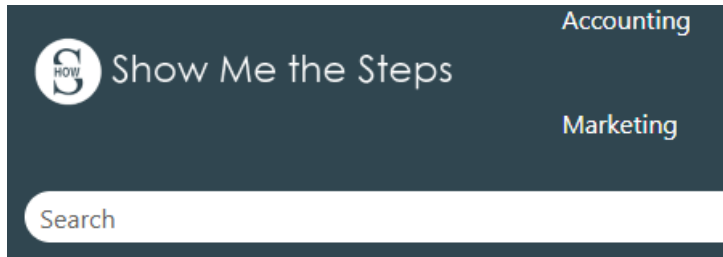
WELCOME

Today's Agenda:

1. Balance Sheet Management
 - a) Lending
 - b) Sensitivity to Market Risk & Liquidity
 - c) Earnings and Capital Adequacy
2. Operational Risk Management
 - a) Payment Systems
 - b) Fraud Prevention and Detection
3. Compliance Risk Management
 - a) BSA Compliance and Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Programs

STATE OF THE NCUA:
DEREGULATION AND
DOWNSIZING

BEFORE WE GET STARTED:



- CU*Answers Resources:
 - Show Me the Steps

Welcome

Welcome to Show Me the Steps, a site that provides simple step-related software products such as **It's Me 247** Online Banking.

As we transition from CU*BASE GOLD to CBX as our core process, we will see more CBX content, and less CU*BASE content, as we move toward accomplishing tasks using CBX. Although the topics coincide with CU*BASE, there are differences in field appearance or labeling.

Updated Topics

Take a look at these new topics!

BALANCE SHEET MANAGEMENT: LENDING

- Growth up,
performance down.
- Elevated delinquencies
and charge-offs




BEST PRACTICES - POLICY

- Maintain strong proactive policies for sound underwriting and comprehensive monitoring.
- QUESTION: What does that look like for any of you guys?

BALANCE SHEET MANAGEMENT TOOLS

- Tool #640 Print CU Financials
 - Use this in conjunction with Tool #376 Financial Report Configuration

 Work With Financial Statement Configuration

Position To
Skip

N/A Corp ID 1 Report #

Options...

Corp ID	Report #	Title	Format	Use Variance Reporting
1	1	BALANCE SHEET - TRIAL BALANCE	Balance Sheet	Y
1	2	INCOME STATEMENT - TRIAL BALANCE	Income Statement	Y
1	5	DAILY BALANCING FINANCIAL	Balance Sheet	N
1	8	BALANCE SHEET - SUMMARY	Balance Sheet	Y
1	9	RESEARCHING PAYDAY LOANS	Balance Sheet	
1	10	BALANCE SHEET - BOARD COPY	Balance Sheet	Y
1	11	INCOME STATEMENT- BUDGET	Income Statement	Y
1	12	CHANGE FUND ANALYSIS	Balance Sheet	
1	13	INCOME STATEMENT	Income Statement	Y
1	20	INCOME STATEMENT - BOARD	Income Statement	Y
1	21	-R2900 REPORT	Balance Sheet	N
1	25	EOM BALANCE SHEET COMPARISON	Balance Sheet	Y

Options...

LENDING - EXAMINATION

- Examiners and credit risk:
 - a) Identify
 - b) Measure
 - c) Monitor
 - d) Manage

LENDING – EXAMINATION PART 2

- Point of emphasis:
 - a) Loss mitigation collection programs
 - b) Allowance for Credit Losses policies documentation
 - c) Maintain adequate reserves for loan losses
 - d) Review third party risk management practices when lending, servicing, or collection functions are outsourced.

HOW CAN WE
UTILIZE CBX
FOR LENDING?



CU*ANSWERS
Lender*VP

Lending & Collections

Our Favorite Dashboards and Reports

CBX LENDING TOOLS

- Tool #594 Portfolio Analysis – EFT Usage

EFT Card Portfolio Dashboard

Available Cards: **March 2026 EOM Summarized**

BIN	Type	Used Last 30 Days		Unused Last 30 Days		Closed Cards		Hot Cards		Total Cards	
		# Cards	# Members	# Cards	# Members	# Cards	# Members	# Cards	# Members	# Cards	# Members
	ATM					1,495	887			1,495	887
	CREDIT	1,485	1,311	1,066	888			2,600	1,673	5,151	2,046
	DEBIT					410	310			410	310
	DEBIT	3,722	3,280	729	684	11,832	4,061	98	97	16,381	5,235
	DEBIT	217	210	46	43	136	115	1	1	400	338
	DEBIT	261	261	71	65	103	80	10	10	445	367
	DEBIT	2,497	2,226	695	635	5,187	2,402	68	65	8,447	3,727
	DEBIT					27	17			27	17
Total ATM						1,495	887			1,495	887
Total debit		6,697	5,683	1,541	1,376	17,695	5,903	177	168	26,110	8,027
Total credit		1,485	1,311	1,066	888			2,600	1,673	5,151	2,046
Credit Totals		8,182	6,159	2,607	2,166	19,190	6,218	2,777	1,821	32,756	8,660

Use in the BIN column to see the BIN Transaction Analysis. Suspended/No longer offered BINs are highlighted.
Click any column heading to sort.

CBX LENDING TOOLS

- Tool #473 Loan Risk Score Analysis

Loan Risk Score Analysis														Using Member Scores	
CSV PDF Excel		Period 1 Apr 2026	Period 2 Mar 2026											↑ ↓	
Score Range	Period 1						Period 2								
	# of Accounts	Total # of Loans	Current Balance	Total \$ Loans	Average Score	Weighted Average Rate %	# of Accounts	Total # of Loans	Current Balance	Total \$ Loans	Average Score	Weighted Average Rate %			
CURRENT	7,852	99.20	115,070,561	99.21	605	6.916	7,852	99.08	115,306,384	99.27	604	6.940			
0730 TO 0999	3,183	40.21	57,318,434	49.42	785	5.904	3,181	40.14	55,640,801	47.90	785	5.916			
0680 TO 0729	1,387	17.52	24,936,249	21.50	704	6.844	1,383	17.45	25,010,788	21.53	704	6.854			
0640 TO 0679	945	11.94	17,155,045	14.79	660	7.846	938	11.84	17,077,899	14.70	660	7.848			
0600 TO 0639	577	7.29	7,781,738	6.71	621	9.601	583	7.36	7,913,324	6.81	621	9.618			
0550 TO 0599	367	4.64	3,304,610	2.85	578	11.839	370	4.67	3,431,055	2.95	578	11.956			
0000 TO 0549	1,393	17.60	4,574,483	3.94	55	8.361	1,397	17.63	6,232,514	5.37	55	7.785			
60 - 89 Days	38	.48	699,335	.60	571	11.553	48	.61	582,198	.50	567	10.174			
0730 TO 0999	0	.00	0	.00	0	.000	3	.04	8,265	.01	789	5.114			
0680 TO 0729	5	.06	73,729	.06	693	8.344	6	.08	83,547	.07	695	7.144			
0640 TO 0679	9	.11	157,150	.14	659	10.617	12	.15	132,179	.11	658	11.243			
0600 TO 0639	7	.09	221,755	.19	622	9.742	6	.08	156,949	.14	626	8.508			
0550 TO 0599	11	.14	163,162	.14	581	14.407	13	.16	122,886	.11	576	13.830			
0000 TO 0549	6	.08	83,538	.07	258	15.377	8	.10	78,370	.07	194	9.740			
90 - 179 Days	21	.27	198,710	.17	598	12.543	21	.26	242,007	.21	646	11.229			
0730 TO 0999	2	.03	13,246	.01	766	4.138	4	.05	61,932	.05	756	4.307			
0680 TO 0729	2	.03	29,468	.03	699	10.160	2	.03	9,967	.01	696	12.549			
0640 TO 0679	4	.05	27,004	.02	652	12.792	5	.06	66,803	.06	655	9.514			
0600 TO 0639	4	.05	27,948	.02	625	17.723	4	.05	30,790	.03	632	17.382			

CBX LENDING TOOLS

- Tool #468 Loan Payments Analysis

The screenshot shows the 'Loan Payment Activity Analysis' tool interface. At the top, there is a dark header with the CBX logo and the title 'Loan Payment Activity Analysis'. Below the header, a dark blue box contains a lightbulb icon and the text: 'The primary purpose of this application is to analyze payments received during the selected month/year compared to the due dates'. The main form area is white and contains several sections: 1. 'Loan payment activity for' with radio buttons for 'Closed end' and 'LOC'. 2. 'Analyze payments received during' with a date picker set to 'Mar 2026' and a calendar icon, followed by the text 'compared to the due dates that were anticipated as of prior month-end.' and a note: '(Analysis will include only loans that were on the books as of the previous EOM snapshot. Loan payments made during the selected month that were not anticipated as of prior EOM will not be analyzed.)'. 3. 'Loan payment frequency' with a dropdown menu set to 'Monthly'. 4. Four orange 'Select' buttons with magnifying glass icons for 'Product', 'Business unit', 'Loan category', and 'Collateral type'. 5. 'Current credit scores between' with input fields for '000' and '999'. 6. 'Interest rates between' with input fields for '0.000' and '99.999'.

CBX Loan Payment Activity Analysis

The primary purpose of this application is to analyze payments received during the selected month/year compared to the due dates

Loan payment activity for Closed end or LOC

Analyze payments received during compared to the due dates that were anticipated as of prior month-end.

(Analysis will include only loans that were on the books as of the previous EOM snapshot. Loan payments made during the selected month that were not anticipated as of prior EOM will not be analyzed.)

Loan payment frequency

Product

Business unit

Loan category

Collateral type

Current credit scores between and

Interest rates between and

CURRENT EXPECTED CREDIT LOSS

& THE SIMPLIFIED CECL TOOL



The Simplified CECL Tool

FAQs

The Simplified CECL Tool

The Simplified CECL Tool provides a methodology for credit unions to determine the Allowance for Credit Losses (ACL) on loans and leases for their loan portfolio. On the Call Report, the ACL is reported on Line 18, Page 2, and is labeled: Allowance for Credit Losses on Loans and Leases (AS0048).

The Simplified CECL Tool was developed primarily for credit unions with less than \$100 million in assets. The Weighted Average Remaining Maturity (WARM) methodology for calculating the ACL was chosen by the NCUA because the Financial Accounting Standards Board deemed it appropriate to estimate a credit loss allowance for less complex financial asset pools.

This tool relies on portfolio-level WARM proxy data to estimate current expected credit losses. For the WARM assumptions to remain applicable in an ever-changing environment, the Simplified CECL Tool will be updated quarterly.

Use of the Simplified CECL Tool and the underlying methodology may or may not be appropriate for any particular credit union. Each credit union's management is responsible for determining whether this approach is appropriate given their institution's unique facts and circumstances.

A credit union may utilize a different method for estimating its ACL, and management is not precluded from selecting a different method if it determines that method will result in a stronger estimate of an institution's ACL. The selected method should be appropriate for the financial assets being evaluated, consistent with the credit union's size and complexity, and well documented, with clear explanations of the supporting analyses and rationale.

[Download the Simplified CECL Tool, March 2026 Version](#)

Input Tab

Quarter End Date, for Call Report submission	#N/A
CU Number	
Credit Union Name	#N/A
Total Assets	\$ 50,000,000

		Loan Balance
1.	Unsecured Credit Card Loans	\$ 5,000
2.	Payday Alternative Loans (PALs I and PALs II) (FCU Only)	\$ 8,997,970
3.	Non-Federally Guaranteed Student Loans	\$ -
4.	All Other Unsecured Loans/Lines of Credit	\$ -
5.	New Vehicle Loans	\$ 66,540
6.	Used Vehicle Loans	\$ -
7.	Leases Receivable	\$ -
8.	All Other Secured Non-Real Estate Loans/Lines of Credit	\$ 266,665
9.	Secured by 1st Lien on a single 1- to 4-Family Residential Property	\$ -
10.	Secured by Junior Lien on a single 1- to 4-Family Residential Property	\$ 265,650
11.	All Other (Non-Commercial) Real Estate Loans/Lines of Credit	\$ -
12.	Commercial Loans/Lines of Credit Real Estate Secured	\$ 6,566,560
13.	Commercial Loans/Lines of Credit Not Real Estate Secured	\$ -
14.	Total Loans and Leases	\$ 16,168,385

Adjustments Tab

Portfolio Segments	Loss Rate Adjustment for Qualitative Factors	Justification for Loss Rate Adjustment	Adjustment to WARM (in years)	Justification for WARM adjustment
Unsecured Credit Card Loans	25.00%		10.00	
Payday Alternative Loans	0.00%		0.00	
Non-Federally Guaranteed Student Loans	3.00%		8.00	
All Other Unsecured Loans/Lines of Credit	33.00%		5.00	
New Vehicle Loans	20.00%		0.00	
Used Vehicle Loans	10.00%		0.00	
Leases Receivable	10.00%		0.00	
All Other Secured Non Real Estate Loans/Lines of Credit	0.00%		0.00	
Secured by 1st Lien on a single 1- to 4-Family Residential Property	5.80%		0.00	
Secured by Junior Lien on a single 1- to 4-Family Residential Property	0.00%		0.00	
All Other (Non-Commercial) Real Estate Loans/Lines of Credit	4.00%		0.00	
Commercial Loans/Lines of Credit Real Estate Secured	0.00%		0.00	
Commercial Loans/Lines of Credit Not Real Estate Secured	0.00%		0.00	
Average	8.52%		1.77	

SENSITIVITY TO MARKET RISK AND LIQUIDITY



- Interest Rate Risk
- Liquidity Risk

INTEREST RATE RISK

- Reviews focused on:
 - a) Governance Frameworks
 - b) Contingency Funding Plans
 - c) Strategic decision-making

DISCUSSION POINT
WHERE IS THE
CREDIT UNION
INTEREST RATE AT?

EARNINGS AND CAPITAL ADEQUACY

- Areas of emphasis:
 - a) Policies
 - b) Procedures
 - c) Risk Limits
 - d) Capital Planning practices

CAPITAL PLANNING PRACTICES

- a) Incorporate Interest Rate Risk
- b) Funding constraints
- c) Concentration risks

RISK ANALYSIS TOOLS

1) Tool # 592 Portfolio Analysis – Concentration Risk

C3 Risk Analysis Selection

Reset Filters >

Select Existing Segment >

Data Source >

Net worth

CU risk policy limit

of segments defined **6**

Working with segment ***None**

Corp ID

Month/year to process **Mar 2026**

Loans opened From To

Include written off loans

Include Loans With

Ownership of All CU Investor

% owned by CU between and

Current balances between and

Interest rates between and

% of net worth over

Current credit scores between and

Maturing after

of days delinquent between and

LTV % between and

Collateral Current value Pledged value

Dealer code	<input type="button" value="Select"/>	Loan category	<input type="button" value="Select"/>
Sponsor code	<input type="button" value="Select"/>	Loan purpose code	<input type="button" value="Select"/>
G/L #	<input type="button" value="Select"/>	Loan security code	<input type="button" value="Select"/>
Business unit	<input type="button" value="Select"/>	Collateral type	<input type="button" value="Select"/>
Branch/location #	<input type="button" value="Select"/>	Loan process type	<input type="button" value="Select"/>
Loan officer ID	<input type="button" value="Select"/>	States where collateral resides	<input type="button" value="Select"/>
Member designation	<input type="button" value="Select"/>	States where member resides	<input type="button" value="Select"/>
Investor	<input type="button" value="Select"/>		

CBX TOOLS: HONORABLE MENTIONS

- a) Tool #460 – Loan Concentration Risk Report by Member
- b) Tool #461 – Loan Delinquency Analysis Report

AGENDA

~~1. Balance Sheet Management~~

~~a) Lending~~

~~b) Sensitivity to Market Risk & Liquidity~~

~~c) Earnings and Capital Adequacy~~

2. Operational Risk Management

a) Payment Systems

b) Fraud Prevention and Detection

3. Compliance Risk Management

1. BSA Compliance and Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Programs

OPERATIONAL RISK MANAGEMENT

- a) Payment System Security
- b) Fraud Prevention
- c) Compliance with Consumer Financial Protection Laws



PAYMENT SYSTEMS



• Potential Risks:

- Fraudulently induced payments
 - Illicit use of consumer data
- Cyber security breaches targeting payment systems.
 - Illicit use of off-the-shelf AI is a growing concern.

OPERATIONAL RISK MANAGEMENT: PAYMENT SYSTEMS

- Examiner's Focus
 - a) Effective Governance and Risk Assessment Frameworks
 - b) Vendor Management
 - c) Oversight and Security Frameworks

PAYMENTS ENVIRONMENT

- Reliance on technology, security features, and internal controls.
- Risks include: fraudulently induced payments, illicit use of consumer data, and cybersecurity breaches.

NCUA EXAMINATION TIME

- Assessment
 - a) Effective governance
 - b) Risk Assessments
 - c) Vendor Management
 - d) Security Frameworks

VENDOR MANAGEMENT RESOURCES

- Reminders:
 - a) Complete upfront due diligence on the vendors and understanding the risk they pose will be critical.
 - b) Like everything in compliance, if it was not documented, it did not happen.
 - c) AuditLink has a Vendor Management platform that can help your credit union save time and energy.

AGENDA

~~1. Balance Sheet Management~~

- ~~a) Lending~~
- ~~b) Sensitivity to Market Risk & Liquidity~~
- ~~c) Earnings and Capital Adequacy~~

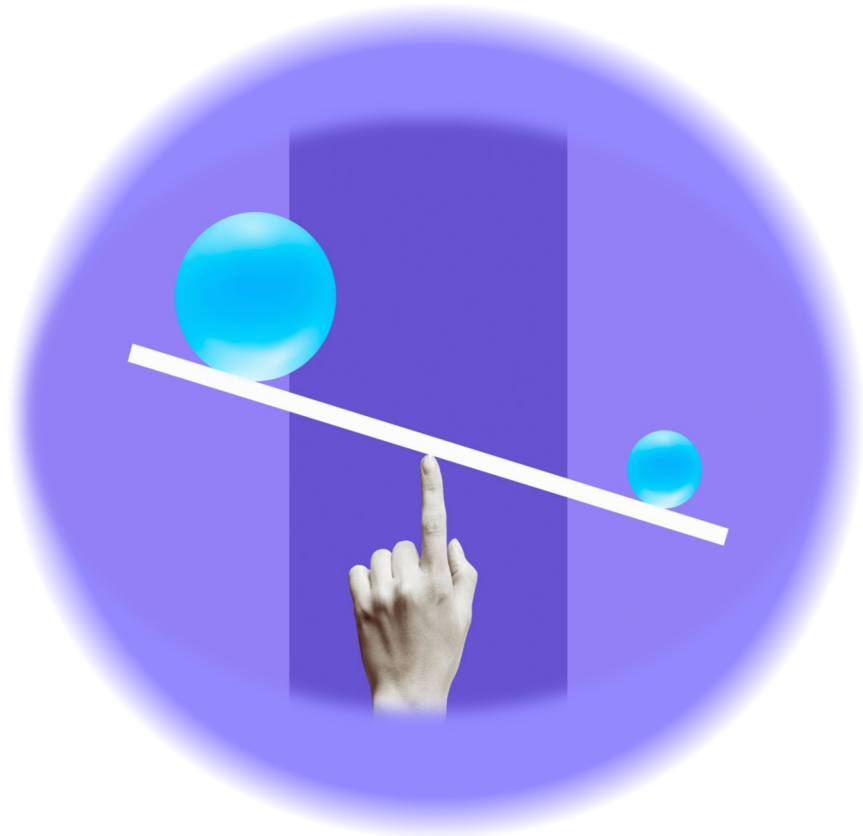
~~2. Operational Risk Management~~

- ~~a) Payment Systems~~
- ~~b) Fraud Prevention and Detection~~

3. Compliance Risk Management

1. BSA Compliance and Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Programs

COMPLIANCE RISK MANAGEMENT



- a) Stay informed
- b) Risk-based approach to BSA compliance and AML/CFT program tailoring
- c) Policy & Procedure Tips?

QUICK REMINDERS – FRAUD

- Send out common fraud schemes to members.
 - Phishing and romance scams
 - What to do when fraud occurs?
- Where to report? Critical
 - Internet Crime Complaint Center (IC3)
 - Federal Trade Commission
 - NCUA – Fraud Prevention Center
- Remedial Measures

AUDITLINK TOOLS FOR FRAUD MONITORING

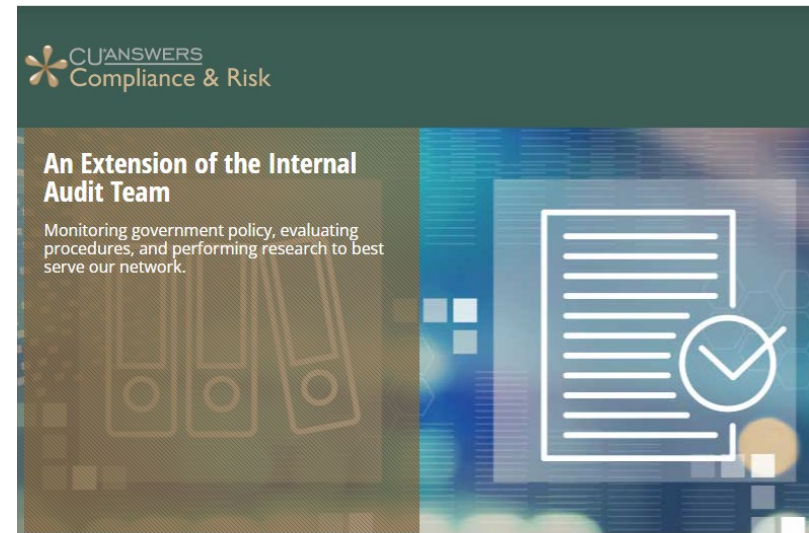
- We can do this
 - a) Abnormal Activity Monitoring
 - b) Tool #984 Cash Log Review/ AuditLink Daily Log Management
 - c) Tool #981 Wire Transfer Tracking
 - d) Tool #1044 OLB Logins By Account Base/IP Address



TOOLS?!?

Introducing

COMPLIANCE & RISK WEBSITE

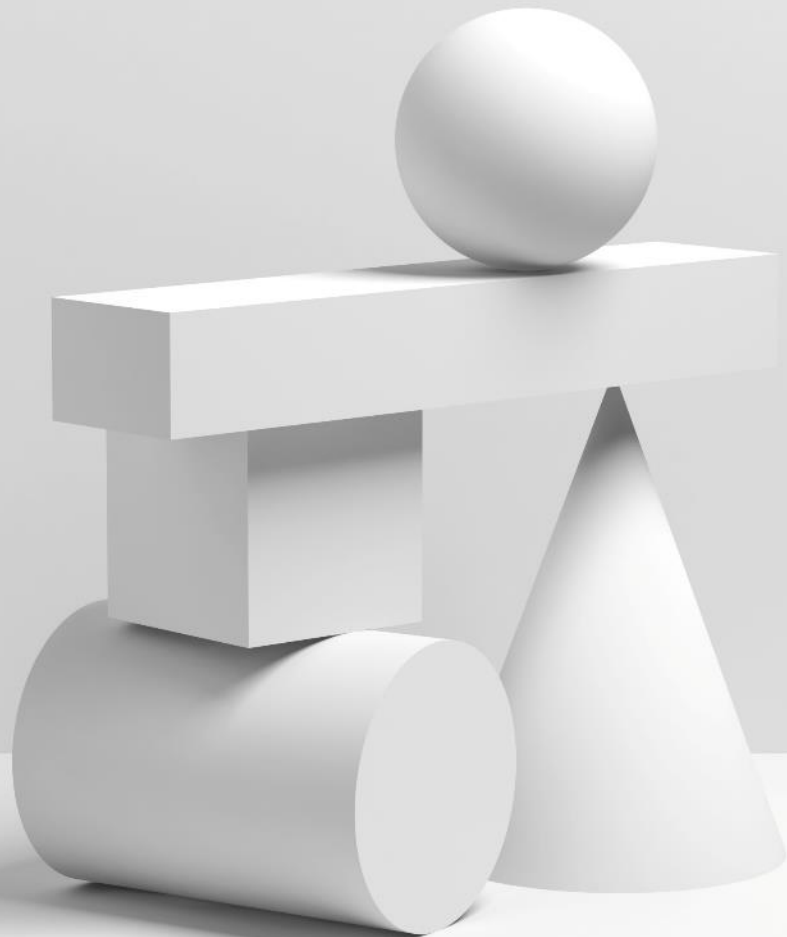


Compliance & Risk

As an integral part of the Internal Audit team, Compliance & Risk exists because the financial landscape is complex, heavily regulated, and constantly shifting. We aim to be the functional bridge between complex law and daily operations.

We are constantly digesting news that impacts the





QUESTIONS?!?

Thank you!

AuditLink
CU*ANSWERS Management Services



CU*Answers Collaboration Groups



AI

Governed, Managed, Secured

CU*Answers & AuditLink
Conversations on Compliance
05/13/2026



What We Do

IT Audits, Assessments, and Tests of Controls (AAT)

80+ Credit Unions and Banks

3+ Collection Agencies

20+ Other regulated and non-regulated organizations

SOC 2 Type 1 & 2 Audits

Vulnerability Assessments and Penetration Testing

vISO Services and Consulting



Who We Are

15+ years conducting AATs for financial organizations
500+ AATs conducted

Largest Credit Union IT AATers in Michigan ...
... Soon, The World!

CUSO formed with NCA CU December 2024

Partnered with CU*Answers in August 2025



What Is AI



What Is AI (cont)

Turing Test (The Imitation Game)

Pattern and Relationship Recognition

Weak AI: A system that acts as if it is intelligent and is a useful tool for studying the mind

Strong AI: A system that actually is a mind, capable of real understanding and consciousness

AI Types

Machine Learning = systems that learn from data

Deep Learning = using deep neural networks

Native Language Processing = working with human language.

Large Language Models = very large deep-learning language models

Generative AI = systems that generate new content; LLMs are one major type of GenAI



AI Types (cont)

Agent(s) = Sears Parts Direct

GenAI-LLM [+ Chatbot] = Claude, Copilot, Gemini, Grok

GAI / AGI = ~Passing the Turing Test

SAI / ASI = ~The Q (god-like intelligence)



AI Policy

**ALL use of AI must be pre-approved
by the Program Officers**



AI Policy

Approved AI Tools for Production

Organization licensed Microsoft Copilot and Copilot with GPT-5 are the only AI tools authorized for production use

These tools may be used for:

- **Drafting reports, summaries, and documentation**
- **Assisting with code reviews and technical analysis**
- **Supporting internal productivity tasks**

AI Policy (cont)

Non-Production AI Usage

Other AI tools (e.g., ChatGPT, Gemini, Claude, etc.) may be used only for research, brainstorming, or non-production purposes

Any outputs from non-approved AI tools must not be directly used in production deliverables without review and approval by Program Officers

All nonpublic customer or sensitive organization information (NPI) must be sanitized before being input into any non-approved AI tool



AI Policy (cont)

Data Protection and Confidentiality

AI tools must never be used to process raw customer data unless explicitly approved and compliant with contractual obligations

Employees are responsible for ensuring that no NPI or regulated data is exposed to non-Approved AI Tools

All AI interactions must comply with the organization's Comprehensive Information Security Program and relevant regulatory requirements



AI Policy (cont)

**Usage of AI tools will be monitored for compliance
by the Program Officers**

AI Program

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Department of
Insurance and Financial Services

The Department of Insurance and Financial Services has issued a new Bulletin:

[Bulletin 2026-03-BT/CF/CU](#)

Use of Artificial Intelligence Systems By Financial Service Providers

[List of all Bulletins](#)



AI Program (cont)

Financial Service Providers that choose not to formally engage in the use of AI Systems should, at a minimum, establish a policy

The Department encourages the development and use of innovation and AI Systems

AI Program (cont)

All Financial Service Providers are expected to develop, implement, and maintain a written AI Systems Program for the responsible use of AI Systems that make or support decisions related to regulated Financial Service Providers practices

AI Program (cont)

The AIS Program should address governance, risk management controls, and internal audit functions

The AIS Program should include processes and procedures to provide notice to impacted consumers that AI Systems are in use

AI Program (cont)

A Financial Service Provider cannot outsource its fundamental risk management responsibility, even when a third party performs a service

The Financial Service Provider remains ultimately accountable to regulators for ensuring compliance and managing risk

Vendor Governance

You do not need a completely separate vendor program for AI

You need to augment your current third-party lifecycle, model risk, and governance controls with AI-specific onboarding and review, due diligence, contract terms, testing, monitoring, and exit requirements ...

Vendor Governance (cont)

1. **AI identification – at onboarding and regular review**
2. **AI-specific risk scoring - criticality and sensitivity**
3. **AI enhanced due diligence – governance, data provenance, security, 4th party**
4. **AI that influences decisions – model risk (MRM)**
5. **AI contract language - full disclosure of AI use, notification of material issues**
6. **AI go-live testing and regular validation**
7. **AI monitoring / incident / exit controls**

Are My Gemini [Copilot, ChatGPT, ...] Chats Secure

Feature	Consumer (Free/Paid)	Business/Enterprise
Used for AI Training?	Yes (unless opted out)	No
Human Review?	Yes (for training)	No
Encryption?	In-transit & At-rest	In-transit & At-rest
History Control?	Tied to training opt-in	Managed by Admin

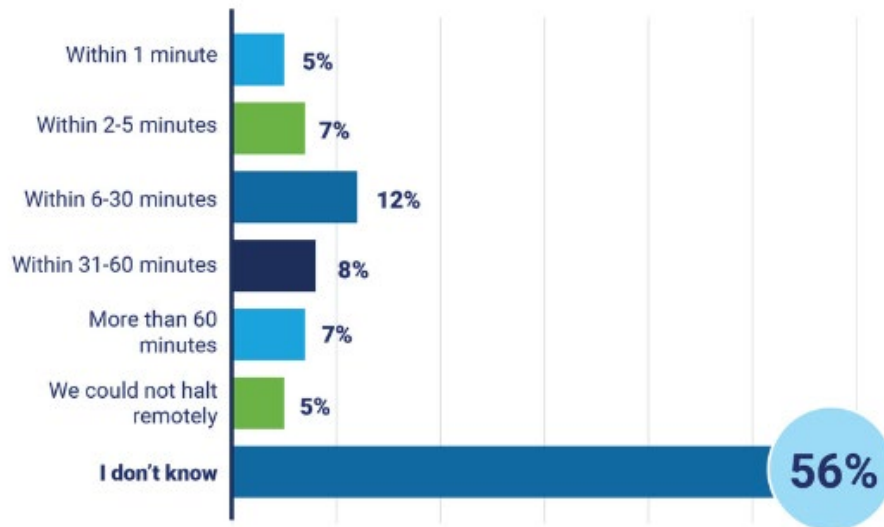
Your Damian Walters & Associates, LLC chats aren't used to improve our models

Gemini is AI and can make mistakes



Allow Authorized Use and Deny Unauthorized Use

If your organization needed to immediately halt an AI system **due to a security incident**, how quickly could you do so?



The poll also finds mixed views on who is ultimately responsible for AI, with 28% pointing to boards or executives.

Allow Authorized Use and Deny Unauthorized Use (cont)

Question to Copilot:

What are the top 10 things I can do to "ensure" that Copilot, using only an organization licensed account, is the only AI allowed on my organization's networks?

Allow Authorized Use and Deny Unauthorized Use (cont)

Short Answer From Copilot:

You can't literally guarantee this with one switch, but you can get very close on managed users, managed devices, and corporate egress by stacking identity, device, browser, network, DLP, and application controls

The strongest Microsoft-first pattern is: allow Microsoft 365 Copilot in your tenant, block everything else, and make unmanaged/unauthorized paths nonfunctional or non-useful



Allow Authorized Use and Deny Unauthorized Use (cont)

Medium Length How-To From Copilot:

- 1. Create a single sanctioned AI policy:** Only Microsoft 365 Copilot (licensed, organizational account) is allowed [see previous slide]
- 2. Make Microsoft 365 Copilot in your tenant the only allowed AI identity path**
- 3. Enforce tenant restrictions / universal tenant restrictions so users can't use external or personal Microsoft identities from corporate devices/networks**



Allow Authorized Use and Deny Unauthorized Use (cont)

4. **Require managed/compliant devices** for all Microsoft 365 and Copilot access
5. Standardize on **Microsoft Edge for Business as the only supported work browser**
6. **Turn on Purview DLP / browser protections** to stop prompts, uploads, and copy/paste into unmanaged AI
7. **Use Defender for Cloud Apps to discover and automatically block shadow AI**



Allow Authorized Use and Deny Unauthorized Use (cont)

8. **Add Defender for Endpoint web content filtering + custom URL/domain indicators for direct domain blocking**
9. **Lock down browser extensions to an allowlist only**
10. **Block native AI apps, wrappers, installers, and scripts with Windows App Control / WDAC – and enforce mobile app protection on BYOD**



GenAI-LLM [+ Chatbot] Demo

Detailed Report To Summary Report

Detailed Report To Findings Register

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Thank You For Attending!
