

Concentration Risk and Abnormal Activity Monitoring Best Practice

March 27, 2013

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Concentration Risk

- **In accordance with NCUA letter 10-CU-03 credit unions must:**
 - **Develop a methodology for monitoring loan segments that have similar exposures to risk including any named borrowers**
 - **Test segments that exceed 100% of capital on a quarterly basis and determine the impact on capital for economic downturns**
 - **Establish Board approved limits for each segment including a loss mitigation plan**

Methodology

- **Five Step Process**

- **Identify** find risks by dividing up the portfolio into segments and review all named borrowers
- **Test** determine the amount of loss the portfolio can withstand before threatening the safety and soundness of the CU
- **Monitor** regularly review to performance to ensure readiness in the face of economic crisis
- **Justify** set limits on the growth of each segment that can be validated against portfolio performance
- **Actions** take action once limits are reached or portfolio performance threatens the safety and soundness of the credit union

PCA Standards For Capitalization

STATUTORY DEFINITION	NET WORTH RATIO
WELL CAPITALIZED	7% OR ABOVE
ADEQUATELY CAPITALIZED	6% TO 6.99%
UNDERCAPITALIZED	4% TO 5.99%
SIGNIFICANTLY UNDERCAPITALIZED	2% TO 3.99%
CRITICALLY UNDERCAPITALIZED	LESS THAN 2%

Named Borrower

- **One individual or a group of individuals with similar income streams**
- **Generally test against 15% of capital**
- **Develop a narrative which demonstrates you have performed your due diligence and have additional loan covenants to protect the credit unions position**

Named Borrower MNAUDT #15 (15% of capital)

Session 2 CU*BASE GOLD Edition - Loan Concentration Analysis

Network Links



Loan Concentration Analysis

Loan category 0 selected

Loans to include ☒ All loans ☐ CU owned portion of all loans ☐ Investor owned portion of all loans

Outstanding loan balance greater than Loan balance 24,042,004

SSN/TIN	Member Name	Credit Score	Loan Balance	Disbursement Limit	Open End	Credit Union	Investor Balance
***-**-4177	IMA J WALKER	0	5,305,646	6,200,000	*	5,305,646	0
***-**-6789	BETH HORNING	0	1,688,703	2,357,100	*	1,688,072	630
***-**-9999	RYAN GOSLING	0	1,203,133	1,500,000	*	1,203,133	0
***-**-7931	CINDY L STEVENS	0	949,163	970,000		832,612	116,551
***-**-8878	TOBY C KEITH	0	771,241	800,389		771,241	0
***-**-1555	FRED FLINTSTONE	0	633,035	650,000		0	633,035
***-**-0000	BONNY C MARIO	0	504,363	501,000	*	504,363	0
***-**-0145	DIANE SAWYER	0	500,000	515,000	*	500,000	0
***-**-4222	MATTHEW MCCONAUGHEY	0	477,848	500,000		477,848	0
***-**-3846	VICTORIA LEONARD	0	435,535	754,907	*	435,535	0
***-**-2888	JOE P SMITH	0	419,546	580,338	*	419,546	0
***-**-2432	FRED T GROVER	0	387,026	709,000	*	387,026	0
***-**-3333	POLLY P POCKET	0	336,656	502,000	*	336,656	0
***-**-2356	JILL L WESTENDORF	0	323,685	440,000		323,685	0
***-**-8808	JANET S SHOOTER	0	285,500	285,500		285,500	0
***-**-1999	TOM HOMEOWNER	0	240,856	290,000		4,700	236,156
***-**-8944	DANIEL T TRAINING	0	229,081	320,000		229,081	0

☒ Outstanding Loan Recap/Inquiry ☐ Last 12 Credit Scores ☐ Member Analysis



Cancel	F7
Export	F9
Member Connect	F10
Show Svc Income	F11
Print	F14



Note: An asterisk in the Open End column indicates that there are open-end loans for this SSN/TIN.

TR (4289) 8/13/12 09:29:05

[Learn About This Feature](#)

Developing Loan Segments

- **Generally segments are grouped by loan category or general ledger code**
- **The following is a list of common segments which Audit Link uses when completing the analysis**
 - **Consumer secured**
 - **Indirect (if large enough)**
 - **Consumer unsecured**
 - **1st mortgage real estate**
 - **Other real estate**
 - **Commercial**

Developing Loan Segments MNAUDT #16

Session 2 CU*BASE GOLD Edition - Risk Analysis Selection

Network Links

Risk Analysis Selection

Net worth

of segments defined 0 *Enter net worth not including ALLL*

Working with segment *None

Corp ID

Month/year to process Jul 2012

Loans opened on or before Jul 31, 2012 [MMDDYYYY]

☐ Include written off loans

Include Loans With

Ownership of ☒ A = All ☐ C = CU ☐ I = Investor

% owned by CU between and

Current balances between and

Interest rates between 0.000 and 0.000

% of net worth over 0.00

Current credit scores between and

Maturing after [MMYYYY]

of days delinquent between and

LTV % between and

Dealer code	Select	Loan category	Select
Sponsor code	Select	Loan purpose code	Select
G/L #	Select	Loan security code	Select
Business unit	Select	Collateral type	Select
Branch/location #	Select	Loan process type	Select
Loan officer ID	Select	States where collateral resides	Select
Member designation	Select	States where member resides	Select

Reset Filters F5
Existing Segment F6
Cancel F7

BC (4594) 8/13/12 09:44:23 [Learn About This Feature](#)

Configuring Loan Segments

Session 2 CU*BASE GOLD Edition - Risk Analysis Selection

Net worth

of s

Work

Corp

Month

Loans

☐ Inc

Deale

Spons

G/L #

Busin

Branch

Loan

Mem

Session 2 CU*BASE GOLD Edition - GL Asset Account Assigned Selection

Jump to description starting with

Search for description containing

Code	Description
70101	NEW VEHICLES
70102	USED VEHICLES
70103	UNSECURED LOANS
70127	NEW REC VEHICLES
70134	USED REC VEHICLES
70195	SHARE SECURED LOANS
70200	KWIK CASH LOANS
70220	SECURED LOC LOANS
70310	1ST MTG - 1ST YR ARM
70315	1ST MTG - 5 YR ARM
70320	1ST MTG - FIXED
70325	1ST MTG - 3 YR FIXED
70340	2ND MTG - FIXED

☐ Select

To select more than one item (when allowed), hold Ctrl and click on each item, then click Select.

BC (4132) [Learn About This Feature](#)

Reset Filters F5

Existing Segment F6

Cancel F7

BC (4594) 8/13/12 09:44:23 [Learn About This Feature](#)

Segment Analysis

Session 2 CU*BASE GOLD Edition - Risk Analysis

[Network Links](#)

Risk Analysis

Segment: *None

Concentration risk 267.58 %

Total balance includes CU and Investor Owned

Net worth 5,024,280 Total balance 13,444,430 Loans selected 2102

Account	Typ	Cat	Name	DIq Days	Mat Mths	Current Balance	Rate	Credit Score	CU Owned %	LTV/CLTV %	% Net Worth
	520	03			199	211,979	6.740	758	100.00	0.00	4.21
	531	04		26	45	97,182	4.290	674	100.00	86.82	1.93
	512	02			49	57,359	5.990	620	100.00	89.66	1.14
	511	02			69	52,105	9.500	500	100.00	112.46	1.03
	811	26			49	49,979	7.240	717	100.00	0.00	0.99
	511	02			54	45,200	3.990	769	100.00	86.25	0.89
	510	02			66	42,407	2.890	682	100.00	113.74	0.84
	511	02			65	42,168	5.200	689	100.00	91.42	0.83
	510	02			54	41,522	2.890	801	100.00	73.45	0.82
	511	02			55	40,470	3.990	719	100.00	93.18	0.80
	510	02			17	40,384	3.000	585	100.00	232.82	0.80
	512	02			47	40,083	4.990	688	100.00	87.78	0.79
	510	02			60	39,827	4.140	594	100.00	89.50	0.79
	515	02			57	38,034	4.990	694	100.00	82.06	0.75
	511	02			42	36,679	6.240	669	100.00	81.23	0.73
	512	02			55	36,192	5.240	563	100.00	69.83	0.72
	500	01			60	36,147	2.890	774	100.00	102.03	0.71
	512	02			54	35,558	2.890	733	100.00	86.20	0.70

Clicking summary to view statistics

Backup F3

Cancel F7

Export F9

Member Connect F10

Category Desc F11

Summary F12

BC (4592) 8/13/12 10:21:23 [Learn About This Feature](#)

Summary Statistics

Session 2 CU*BASE GOLD Edition - Loan Risk Score Analysis Summary

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Network Links

Loan Risk Score Analysis Summary

Segment: *None

Concentration risk 267.58 % Net worth 5,024,280

# Loans	2,102	Total current balance	13,444,430	# Collateral	1646
# Members	1,547	CU owned	13,444,430	Collateral	13,620,569
Individual	1,542	Investor owned	0	Avg LTV %	98.7%
Organization	5				
Loans/members ratio	1.4				

	Average	High	Low	
Credit score	663	821	435	
Balance	6,396	211,978	0	
Rates	9.532%	21.000%	.001%	Weighted average 6.553%
Payment amount	230	10,059	13	
Maturity months	142	448	1	
Participation term				



All zeros are excluded. Credit scores 900 and above are excluded.

100% CU owned	2,102	100.0%	Balance	13,444,430	100.0%
Delinquent loans	20	1.0%	Balance	103,100	.8%



Delinquent loans are defined as being at least 60 days delinquent.

Backup F3 Create Seg Defn F6 Member View F10 Collateral View F11 Product View F12

BC (4591) 8/13/12 10:28:05

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Summary Statistics (member view)

* Session 2 CU*BASE GOLD Edition - Membership Breakdown

[-] [x] [y]



[Network Links](#)

Membership Breakdown

Segment: *None

Concentration risk 267.58 %

Net worth 5,024,280

	Segment Total	Member Total	Average	High	Low
Loan balances	13,444,430	37,684,589	15,213	405,513	0
Savings balances		4,035,520	1,002	106,788	324-
Members	1,547	1,547			
Age			40	88	2
Current length of membership			10	40	0

New Loans	Count	Total Current Ln Balance	Credit Scores	# Loans	% Loans	Balance	% Ln Bal	% Net Worth	
Current quarter	96	669,377	Invalid: 900+						
Apr-Jun 12	303	2,169,853	770 to	899	240	11.4	2,091,113	15.6	41.6
Jan-Mar 12	317	2,923,155	740 to	769	183	8.7	1,507,858	11.2	30.0
Oct-Dec 11	182	1,431,361	675 to	739	494	23.5	3,509,133	26.1	69.8
Jul-Sep 11	156	1,269,922	620 to	674	516	24.5	2,962,542	22.0	59.0
Total	1054		0 to	619	669	31.8	3,373,781	25.1	67.1

Mos Delq	Total #	% Loans	% Delq	Total Delq Bal	% Loans	% Delq	Tiered Svc Level	# Mbrs	Balance	% Loans
2 to 6	16	.8	80.0	73,864	.2	71.6	GREAT	1,547	13,444,429	100.0
6 to 12	1		5.0	11,936		11.6	GREAT			
Over 12	3	.1	15.0	17,299		16.8	GREAT			
Total	20	1.0	100.0	103,099	.3	100.0	GREAT			

Backup F3

BC (4595) 8/13/12 10:41:38

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Summary Statistics (collateral view)

Session 2 CU*BASE GOLD Edition - Collateral Breakdown

Network Links

Collateral Breakdown

Segment: *None

Net worth 5,024,280

Collateral	Total Loan Balance	# Loans	# Loans w/ Collat > 0	Collateral Value	Value/Bal %	Portfolio %	% Net Worth	LTV %
TITLED COLLATERAL	12,497,072	1,309	902	13,620,570	108.9	92.9	248.7	91.75
UNKNOWN COLLATERAL	947,358	793				7.0	18.8	.00
Totals	13,444,430	2,102	902	13,620,570	101.3	100.0	267.5	98

[↑](#) [↓](#)

Backup F3

BC (4593) 8/13/12 10:42:54 [Learn About This Feature](#)

Summary Statistics (product view)

Session 2 CU*BASE GOLD Edition - Product View

Network Links

Product View

Segment: *None

% of loans with variable rates 0.0
 % of loans with balloons 0.3 Average products per member 1.4

Loan Category	Total	% Total	% Net Worth
USED VEHICLE	10,836,600	80.6	215.7
USED REC VEHICLE	714,233	5.3	14.2
NEW VEHICLE	521,310	3.9	10.4
KWIK CASH	458,991	3.4	9.1
SIGNATURE	438,680	3.3	8.7
NEW REC VEHICLE	410,201	3.1	8.2
SECURED LOC	64,415	0.5	1.3

↑ ↓

Loan Purpose	Total	% Total	% Net Worth
USED VEHICLE	10,840,183	80.6	215.8
USED REC VEHICLE	676,653	5.0	13.5
NEW VEHICLE	517,727	3.9	10.3
KWIK CASH	458,991	3.4	9.1
SIGNATURE	438,680	3.3	8.7
NEW REC VEHICLE	410,201	3.1	8.2
SECURED LOC	64,415	0.5	1.3
BOAT	37,580	0.3	.7

↑ ↓

Backup F3

BC (4588) 8/13/12 10:45:25

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Saving Segments With Limits

Session 2 CU*BASE GOLD Edition - Loan Risk Score Analysis Summary

Loan Risk Score Analysis Summary CONS NON MORTGA

Concentration risk	267.58 %	Net worth	5,024,280
# Loans	2,102	Total current balance	13,444,430
# Members	1,547	# Collateral	1646

Ind... 569
Org... 8.7%

Loans

Session 2 CU*BASE GOLD Edition - Segment Create

Backup F3
Create F5


Segment ID **CONS NON-MORTG**

Limits	
Net worth	5,024,280
Average LTV %	0.00
Average credit score	
Months to maturity	
Delinquent %	0.00
Total current balance	17,584,980
CU owned %	0.00
Average rate	0.000
Delinquent #	

BC (4590)

[Learn About This Feature](#)

100% CU owned	2,102	100.0%	Balance	13,444,430	100.0%
Delinquent loans	20	1.0%	Balance	103,100	.8%

 Delinquent loans are defined as being at least 60 days delinquent.

Backup F3 Create Seg Defn F6 Member View F10 Collateral View F11 Product View F12

BC (4591) 8/13/12 10:48:24 [Learn About This Feature](#)

Saving Segment Data

Session 2 CU*BASE GOLD Edition - Loan Risk Score Analysis Summary

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Network Links

CONS NON-MORTG

Loan Risk Score Analysis Summary

Concentration risk	267.58 %	Net worth	5,024,280	
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# Loans	2,102	Total current balance	13,444,430	
# Members	1,547	CU owned	13,444,430	100.0%
Individual	1,542	Investor owned	0	.0%
Organization	5			
Loans/members ratio	1.4			

		# Collateral	1646	
		Collateral	13,620,569	
		Avg LTV %	98.7%	

	Average	High	Low	
Credit score	663	821	435	
Balance	6,396	211,978	0	
Rates	9.532%	21.000%	.001%	Weighted average 6.553%
Payment amount	230	10,059	13	
Maturity months	142	448	1	
Participation term				

All zeros are excluded. Credit scores 900 and above are excluded.

100% CU owned	2,102	100.0%	Balance	13,444,430	100.0%
Delinquent loans	20	1.0%	Balance	103,100	.8%

Delinquent loans are defined as being at least 60 days delinquent.

Backup F3
Save Seg Data F5
Compare Segs F9
Member View F10
Collateral View F11
Product View F12

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BC (4591) 8/13/12 10:51:02
Segment data saved

Trending Segment Data

✱ Session 2 CU*BASE GOLD Edition - Loan Segment Data Compare

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Network Links

Loan Segment Data Compare

COMMERCIAL

Category	Limits	Aug 13, 2012				
Concentration risk	50.00%	38.26%				
Total current balance	2,512,140	1,922,709				
CU owned %		94.44%				
Investor owned %		5.60%				
Avg LTV %		87.00%				
Credit score avg		686				
Weighted avg rate		6.372%				
Avg maturity months		202				
# delinquent loans		2				
% delinquent		6.45%				

Backup F3
Cancel F7

BC (4598) 8/13/12 11:20:21

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Trending and Final Analysis

- **Other Significant Data Elements to Trend by Segment**
 - **Three year loss history by year (not rolling)**
 - **Three year unemployment rate for the counties served**
 - **30 day delinquency**
 - **Weighted average yield**
 - **Net yield after charge-offs**
 - **Net decline in housing values for each county or other geographic boundary**
 - **Percentage of loan dollars in each risk bucket**

If Necessary a Deeper Dive *A service of Audit Link*

STATIC TESTING				
STATIC TESTING				
	NO SHOCK	EVENT RISK SHOCK	DOWNTURN	CRISIS
DIRECT AUTO LOANS	\$150,842.80	\$215,979.46	\$233,799.26	\$279,200.77
INDIRECT AUTO LOANS	\$44,970.67	\$64,389.82	\$69,702.43	\$83,237.95
PERSONAL AND PERSONAL LINES OF CREDIT	\$8,320.53	\$11,913.49	\$15,942.93	\$20,033.63
FIRST MORTGAGES	\$37,572.69	\$53,797.26	\$128,082.55	\$179,949.19
OTHER REAL ESTATE	\$3,830.53	\$5,484.62	\$9,310.91	\$12,113.11
BUSINESS REAL ESTATE	\$4,574.01	\$6,549.15	\$13,590.51	\$18,029.98
OTHER BUSINESS LENDING	\$870.78	\$1,246.80	\$2,587.30	\$3,432.46
TOTAL	\$250,982.00	\$359,360.59	\$473,015.89	\$595,997.11
NEW NET WORTH RATIO	8.27%	8.19%	8.11%	8.03%
DYNAMIC TESTING				
	NO SHOCK	EVENT RISK SHOCK	DOWNTURN	CRISIS
DIRECT AUTO LOANS	\$218,655.43	\$313,074.82	\$338,905.66	\$404,717.80
INDIRECT AUTO LOANS	\$73,154.24	\$104,743.58	\$113,385.65	\$135,404.02
PERSONAL AND PERSONAL LINES OF CREDIT	\$13,604.79	\$19,479.59	\$26,068.08	\$32,756.72
FIRST MORTGAGES	\$41,490.84	\$59,407.34	\$141,439.26	\$198,714.67
OTHER REAL ESTATE	\$4,794.56	\$6,864.94	\$11,654.19	\$15,161.61
BUSINESS REAL ESTATE	\$5,687.78	\$8,143.87	\$16,899.79	\$22,420.29
OTHER BUSINESS LENDING	\$1,331.79	\$1,906.88	\$3,957.07	\$5,249.68
TOTAL	\$358,719.43	\$513,621.01	\$652,309.70	\$814,424.80
NEW NET WORTH RATIO	8.19%	8.08%	7.99%	7.87%

Abnormal Activity Monitoring

- **Review Regulatory Requirements**
 - **NCUA**
 - **FFIEC**
- **Review transaction types to monitor for**
- **Review and configure new CU*BASE tools**
- **Update on new examiner checklists**
- **Determine necessity and document additional controls**

NCUA Expectations

“Federally insured credit unions will be expected to adapt appropriate strategies from the supplement to strengthen and enhance controls by January 2012. Beginning in 2012, at credit unions offering electronic services, NCUA examiners will evaluate these controls under the enhanced expectations outlined in the supplement”

**Debbie Matz
Chairman, NCUA**

[http://www.ffiec.gov/pdf/Auth-ITS-Final%206-22-11%20\(FFIEC%20Formatted\).pdf](http://www.ffiec.gov/pdf/Auth-ITS-Final%206-22-11%20(FFIEC%20Formatted).pdf)

<http://www.ncua.gov/Resources/Pages/LCU2011-09.aspx>

FFIEC Supplement

What Transactions are Covered

Remains unchanged from the original 2005 guidance and is defined as:

Electronic transactions involving access to customer information or the movement of funds to other parties. Not every on line transaction poses the same amount of risk. More controls should be added as the risk level increases.

○ **In itsme247**

- **Transfers to other members accounts**
- **Bill Pay**
- **A2A**

FFIEC Supplement

Retail vs. Business Commercial Banking

- **Retail poses comparatively lower risk as the frequency and dollar amount or lower**
 - *Implement layered security for those accounts consistent with the risk*
- **Business transactions generally involve ACH file origination and frequent interbank wire transfers**
 - *Implement layered security for those accounts consistent with the risk*
 - *Offer multi factor authentication*

Determining What is Normal

Start by using the sampling tool MNAUDT #10

Session 3 CU*BASE GOLD Edition - Member Analysis - Transaction Activity

Network Links

Member Analysis - Transaction Activity

Jul 2012 Transaction Activity

Backup F3

Cancel F7

Branch 00 = All branches
Filter

Analysis Method	Sort
Go! Teller Posting	<input type="text" value="D = Descending"/>
Go! Loan Dept	<input type="text" value="D = Descending"/>
Go! Share Drafts	<input type="text" value="D = Descending"/>
Go! A T M	<input type="text" value="D = Descending"/>
Go! Home Banking/A R U	<input type="text" value="D = Descending"/>
Go! Online Credit Cards	<input type="text" value="D = Descending"/>
Go! Debit Card	<input type="text" value="D = Descending"/>
Go! A C H	<input type="text" value="D = Descending"/>
Go! Phone Operator	<input type="text" value="D = Descending"/>
Go! CU*EasyPay!	<input type="text" value="D = Descending"/>
Go! Certificates	<input type="text" value="D = Descending"/>
Go! Direct Mail Post	<input type="text" value="D = Descending"/>
Go! Error Correction Processing	<input type="text" value="D = Descending"/>
Go! Journal Transfers	<input type="text" value="D = Descending"/>
Go! Social Security Deposits	<input type="text" value="D = Descending"/>
Go! Kiosk	<input type="text" value="D = Descending"/>
Go! Check Charges	<input type="text" value="D = Descending"/>
Go! Payroll	<input type="text" value="D = Descending"/>

↑ ↓

BC (4538) 8/13/12 12:51:35
Learn About This Feature

Determining What is Normal

Pick a few names in the middle of the scan

[illegible]

Summary Comparison

When using the sampling tools a new "compare" option has been added to let you deep dive into that specific origin

Session 3 CU*BASE GOLD Edition - Transaction Activity Summary Compare

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Network Links

Transaction Activity Summary Compare

ATM NETWORK PROCESSING

Origin **13** Compare period **1** to period **2** Items to compare **Debits \$** Difference > **1,000**

Account #	Origin	Last Month			Two Months Ago			Three Months Ago			Percent	Difference
		Debits	Credits	# Tran	Debits	Credits	# Tran	Debits	Credits	# Tran		
	13	2,326	0	17	22	0	2	0			10,472%	2,304
	13	2,537	1,800	15	107	0	2	317	0	9	2,271%	2,430
	13	2,503	820	34	157	0	5	783	5	21	1,494%	2,346
	13	3,570	3,000	25	240	0	9	641	450	9	1,387%	3,330
	13	9,861	9,000	13	880	0	14	800	0	13	1,020%	8,981
	13	1,672	0	23	245	0	10	354	0	25	582%	1,427
	13	2,857	2,534	22	457	160	18	523	230	20	525%	2,400
	13	1,688	0	7	316	0	3	113	0	3	434%	1,372
	13	1,600	0	5	300	0	1		0		433%	1,300
	13	1,834	0	17	393	0	19	481	0	20	366%	1,441
	13	2,443	2,000	7	557	0	6	284	0	6	338%	1,886
	13	2,474	0	12	595	0	5	71	0	2	315%	1,879
	13	1,403	0	7	400	0	2	801	201	5	250%	1,003
	13	1,425	328	28	422	0	5		0		237%	1,003
	13	1,871	1	20	600	7	9	735	0	5	211%	1,271

⬆ ⬇

Backup F3

BC (4543) 8/13/12 15:28:44

[Learn About This Feature](#)

Determining What is Normal

Viewing transaction activity

[illegible]

Determining What is Normal

Comparing all members to get averages

Session 3 CU*BASE GOLD Edition - Current Month Activity Compare

Network Links

Current Month Activity Compare

Compare to All Members

Member

Member branch 1 Activity branch 1 100.0% Most used branch 1 100.0%

Origin	Current Totals			3 Months Average Totals			All Mbrs Average Totals		
	Debits	Credits	# Tran	Debits	Credits	# Tran	Debits	Credits	# Tran
TELLER PROCESS	30	20	2	505	115	8	505	1,416	2
SHARE DRAFT FR	3,260	0	8	451	0	7	1,036	18	3
PAYROLL DEDUCT	0	75	1	0	175	2	4	13	0
JOURNAL ACCT T	0	164	2	0	383	5	62	62	1
ERROR CORRECTI	0	0	0	0	5	0	52	70	0
CERTIFICATE PR	0	0	0	3,604	3,609	3	351	352	0
ACH NETWORK PR	543	890	14	3,000	3,070	32	668	1,232	6
ATM NETWORK PR	225	0	4	254	0	6	217	13	4
PHONE OPERATOR	0	0	0	0	1,000	0	113	69	0
DEBIT CARD PRO	58	0	3	213	0	7	178	6	5
AUDIO RESPONSE	727	817	13	5,437	4,865	59	313	313	2

Backup F3 Daily Averages F4 Compare All Mbrs F5 Monthly Totals F6

BC (4541) 8/13/12 13:49:43 [Learn About This Feature](#)

Configuring Groups

- **Considerations for Grouping**
 - **Start by grouping the members by designation**
 - **Consider likely patterns to group designations**
 - **Rep Payee, Custodian, Trust (Fiduciary)**
 - **Organizational, Business, Corporate (Non-natural person)**
 - **Individual member**
- **Types of activity to monitor for**
 - **Not all origin codes need to be used**
 - **Consider those origins where the credit union has lost money by fraud**
 - **Consider those origins which are identified in the FFIEC Supplement**

Configuring Groups

MNCNFC #18

Session 3 CU*BASE GOLD Edition - BEST ADVANTAGE CREDIT UNION

Network Links

General Configuration 1

MNCNFC

CU*BASE GOLD

Menus

- Auditing Functions
- Back Office
- Offline Card Processing
- Vault Control

Speed Sequences

- Collection Processing
- CU*SPY Daily Reports
- Process Member Loan

Ask the AnswerBook

General System Configuration

1 • New/Closed Reason Codes/Comments	16 • Shared Branch Config
2 • Member/Employee Type	17 • ARU/Online Bank Transfer Control
3 • User-Defined Code Configuration	18 • Abnormal Activity Monitoring Cfg
4 • Auto Transfer Frequency Config	19 • Configure Due Diligence Codes
5 • Branch Office Descriptions	20 • Define OTB Product Codes
6 • CU Check/Bank Definitions	21 • Define Decision/Approval Matrix
7 • Time Card Parameter Config	22 • 247 Lender Minimum Requirements
8 • Misc. Posting Codes Config	23 • Define Non-Member Teller Svcs
9 • ATM/Supp Vault Location Config	24 • Membership Designation Config
10 • CU Hardware Configuration	25 • Workflow Ctrls: Open Mbrs/Accts
11 • Direct Mail Group Configuration	26 • Workflow Ctrls: Teller/Mbr Svc
12 • Safe Deposit Box Configuration	27 • Restricted Nicknames Config
13 • Check Order Interface Config	28 • Define Privacy Controls
14 • Bank Secrecy Act Monitoring Cfg	29 • Red Flag Controls
	30 • Effective Dating Controls

Menu option ☐ Speed sequence

Search for:

BC (958) 8/13/12 13:20:31

[Learn About This Feature](#)

Configuring Groups


MNCNFC #18

Session 2 CU*BASE GOLD Edition - Activity Monitoring Settings by Origin Group

← → ↑ ⏏ 🔍 ★ ?

Network Links

Activity Monitoring Settings by Origin Group ADD



Backup F3

Member group 01 INDIVIDUAL

Origin group description ACH

Transaction origin codes Select

Level	Transaction Counts		Combined Transaction Amount	
	From	To	From	To
NORMAL	0	1	0	1,000
ABNORMAL	0	8	0	5,000
HIGH RISK	0	9,999,999	0	999,999,999

Numbers derived from
your sampling and
member inquiry

BC (4561) 8/13/12 12:46:11
[Learn About This Feature](#)

Configuring Origins

Session 2 CU*BASE GOLD Edition - Configure Abnormal Activity Monitoring Settings

Network Links

Configure Abnormal Activity Monitoring Settings

ADD

Member group 01 Description INDIVIDUAL
Used for monitoring membership designation(s) Select 1 selected

Settings are based on a date range of 1 month of activity

Origins	Origin Codes	Risk Level	Transaction Count		Combined Transaction Amount	
ACH	0 selected	NORMAL	0	1	0	1,800
		ABNORMAL	2	8	1,801	5,000
		HIGH RISK	9	9,999,999	5,001	999,999,999
ATM/DEBIT	2 selected	NORMAL	0	30	0	1,000
		ABNORMAL	31	80	1,001	4,000
		HIGH RISK	81	9,999,999	4,001	999,999,999
SELF SERVE	2 selected	NORMAL	0	10	0	600
		ABNORMAL	11	30	601	1,400
		HIGH RISK	31	9,999,999	1,401	999,999,999

☐ Edit
 ☐ Delete
 ☐ View

Backup F3
 Save/Update F5
 Add Origin Group F6
 Cancel F7

BC (4560) 8/13/12 13:51:31

[Learn About This Feature](#)

Running Report

MNAUDT #28 sorted by Age Indicator (Elderly abuse)

Session 2 CU*BASE GOLD Edition - Monitor Abnormal Activity

Network Links



Monitor Abnormal Activity

Member group to monitor INDIVIDUAL

Monitor transactions from

Monitoring settings are based on a date range of 1 month of activity

Flag if member age is below or above

Include all activity for members with Due Diligence flag

DD	Account	Member Name	Age	*	Origin	# Trans	Trans Dollars	Avg Trans Amt	Risk Level	Last AT Tkr	By
0			16	*	DEBIT CA	40	329	8	ABNORMAL	OP 08/01/12	22
0			17	*	ATM NETW	34	1,073	31	ABNORMAL	OP 08/01/12	22
0			17	*	AUDIO RE	26	2,028	78	HIGH RISK	OP 08/01/12	22
0			14	*	DEBIT CA	21	1,264	60	ABNORMAL	OP 08/01/12	22
0			14	*	AUDIO RE	7	1,450	207	HIGH RISK	OP 08/01/12	22
0			17	*	DEBIT CA	32	436	13	ABNORMAL	OP 08/01/12	22
0			17	*	DEBIT CA	34	306	9	ABNORMAL	OP 08/01/12	22
0			17	*	AUDIO RE	12	952	79	ABNORMAL	OP 08/01/12	22
0			17	*	AUDIO RE	6	732	122	ABNORMAL	OP 08/01/12	22
0			90	*	DEBIT CA	8	1,241	155	ABNORMAL	OP 08/01/12	22
0			17	*	ATM NETW	36	486	13	ABNORMAL	OP 08/01/12	22
0			17	*	DEBIT CA	43	616	14	ABNORMAL	OP 08/01/12	22
3			35		ATM NETW	36	1,817	50	ABNORMAL	OP 08/01/12	22
3			32		ATM NETW	22	1,867	84	ABNORMAL	OP 08/01/12	22
3			35		DEBIT CA	11	1,160	105	ABNORMAL	OP 08/01/12	22
2			43		DEBIT CA	33	2,520	76	ABNORMAL	OP 08/01/12	22

☒ Inquiry ☐ Tracker Review ☐ Activity Analysis



Cancel	F7
Export	F9
Member Connect	F10
Print Report	F14
View Config	F15
Refresh List	Ent

Total # records	1,998
Total # abnormal	1,267
Total # high risk	731

BC (4531) 8/13/12 14:19:00

[Learn About This Feature](#)

Running Report

MNAUDT #28 sorted by Risk Level

Session 2 CU*BASE GOLD Edition - Monitor Abnormal Activity

Network Links



Network Links

Monitor Abnormal Activity

Member group to monitor INDIVIDUAL

Monitor transactions from

Monitoring settings are based on a date range of 1 month of activity

Flag if member age is below or above

Include all activity for members with Due Diligence flag

DD	Account	Member Name	Age	*	Origin	# Trans	Trans Dollars	Avg Trans Amt	Risk Level	Last AT Tkr	By
2			34		ATM NETW	52	4,162	80	HIGH RISK	OP 08/01/12	22
2			34		DEBIT CA	73	6,563	89	HIGH RISK	OP 08/01/12	22
2			34		AUDIO RE	8	91,000	11,375	HIGH RISK	OP 08/01/12	22
2			38		AUDIO RE	37	2,238	60	HIGH RISK	OP 08/01/12	22
2			29		AUDIO RE	12	5,540	461	HIGH RISK	OP 08/01/12	22
2			23		AUDIO RE	4	2,600	650	HIGH RISK	OP 08/01/12	22
2			45		AUDIO RE	45	2,732	60	HIGH RISK	OP 08/01/12	22
2			24		AUDIO RE	17	2,426	142	HIGH RISK	OP 08/01/12	22
2			20		AUDIO RE	10	1,920	192	HIGH RISK	OP 08/01/12	22
2			50		AUDIO RE	2	2,002	1,001	HIGH RISK	OP 08/01/12	22
1			35		AUDIO RE	32	16,070	502	HIGH RISK	OP 08/01/12	22
1			50		AUDIO RE	2	3,650	1,825	HIGH RISK	OP 08/01/12	22
1			27		AUDIO RE	4	2,400	600	HIGH RISK	OP 08/01/12	22
1			27		AUDIO RE	18	2,268	126	HIGH RISK	OP 08/03/12	21
1			24		AUDIO RE	6	3,300	550	HIGH RISK	OP 08/01/12	22
1			50		AUDIO RE	3	1,675	558	HIGH RISK	OP 08/01/12	22

☐ Inquiry

☐ Tracker Review

☐ Activity Analysis



Cancel	F7
Export	F9
Member Connect	F10
Print Report	F14
View Config	F15
Refresh List	Ent

Total # records	1,998
Total # abnormal	1,267
Total # high risk	731

BC (4531) 8/13/12 14:24:58

[Learn About This Feature](#)

Running Report

MNAUDT #28 sorted by Transaction Dollars

Session 2 CU*BASE GOLD Edition - Monitor Abnormal Activity

Monitor Abnormal Activity

Member group to monitor: 0001 INDIVIDUAL

Monitor transactions from: 3rd Month Prior

Flag if member age is below: 18 or above: 78

Monitoring settings are based on a date range of 1 month of activity

Include all activity for members with Due Diligence flag: Select

DD	Account	Member Name	Age	* Origin	# Trans	Trans Dollars	Avg Trans Amt	Risk Level	Last AT Tkr	By
0			56	AUDIO RE	2	60,000	30,000	HIGH RISK	OP 08/01/12	22
0			68	AUDIO RE	6	58,000	9,666	HIGH RISK	OP 08/01/12	22
0			66	AUDIO RE	8	55,756	6,969	HIGH RISK	OP 08/01/12	22
0			30	AUDIO RE	2	50,000	25,000	HIGH RISK	OP 08/01/12	22
0			52	AUDIO RE	7	50,000	7,142	HIGH RISK	OP 08/01/12	22
0			40	AUDIO RE	28	37,907	1,353	HIGH RISK	OP 08/01/12	22
0			53	AUDIO RE	1	35,000	35,000	HIGH RISK	OP 08/01/12	22
1			49	AUDIO RE	30	33,510	1,117	HIGH RISK	OP 08/01/12	22
0			42	AUDIO RE	4	32,000	8,000	HIGH RISK	OP 08/01/12	22
0			43	AUDIO RE	4	27,000	6,750	HIGH RISK	OP 08/01/12	22
0			24	AUDIO RE	6	26,300	4,383	HIGH RISK	OP 08/01/12	22
0			58	AUDIO RE	11	24,900	2,263	HIGH RISK	OP 08/01/12	22
0			51	AUDIO RE	10	24,300	2,430	HIGH RISK	OP 08/01/12	22
0			42	AUDIO RE	2	24,000	12,000	HIGH RISK	OP 08/01/12	22
0			56	AUDIO RE	4	24,000	6,000	HIGH RISK	OP 08/01/12	22
0			56	AUDIO RE	9	23,900	2,655	HIGH RISK	OP 08/01/12	22

☐ Inquiry
 ☐ Tracker Review
 ☒ Activity Analysis

Next.... Highlight a record and go the analysis section

Cancel F7

Export F9

Member Connect F10

Print Report F14

View Config F15

Refresh List Ent

Total # records 1,995

Total # abnormal 1,320

Total # high risk 675

BC (4531) 8/13/12 14:45:38

Learn About This Feature

Deep Diving on Accounts

Session 2 CU*BASE GOLD Edition - Current Month Activity Compare

Network Links

Current Month Activity Compare

Member

Member branch 1 Activity branch 1 100.0% Most used branch 1 100.0%

Daily Averages

Origin	Current Daily Avg			1 Month Prior Daily Avg			2 Month Prior Daily Avg			3 Month Prior Daily Avg		
	Debits	Credits	# Tran	Debits	Credits	# Tran	Debits	Credits	# Tran	Debits	Credits	# Tran
TELLER PROCESS	0.0	0.0	0.0	32.9	32.9	0.1	0.0	0.0	0.0	32.3	51.2	0.1
SHARE DRAFT FR	13.8	0.0	0.2	106.3	0.0	0.2	17.9	0.0	0.3	206.4	0.0	0.5
ERROR CORRECTI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.6	0.0	0.0
ACH NETWORK PR	20.5	108.5	0.7	28.1	45.5	0.4	29.9	47.0	0.4	26.8	45.5	0.5
PHONE OPERATOR	0.0	0.0	0.0	64.2	64.2	0.1	0.0	0.0	0.0	141.9	141.9	0.1

Backup F3 Daily Averages F4 Compare All Mbrs F5 Monthly Totals F6

BC (4540) 8/13/12 14:56:58 [Learn About This Feature](#)

On a Side Note

This is the type of transactions that you will find

Session 2 CU*BASE GOLD Edition - Monitor Abnormal Activity

Monitor Abnormal Activity

Member group to monitor: 0001 INDIVIDUAL

Monitor transactions from: 3rd Month Prior

Flag if member age is below: 3 or above 95

Monitoring settings are based on a date range of 1 month of activity

Include all activity for members with Due Diligence flag: Select

DD	Account	Member Name	Age	*	Origin	# Trans	Trans Dollars	Avg Trans Amt	Risk Level	Last AT Tkr	By
0			96	*	ACH NETW	5	2,094	418	ABNORMAL	OP 08/01/12	22
0			96	*	ACH NETW	5	1,678	335	ABNORMAL	OP 08/01/12	22
1			1	*	ACH NETW	3	75	25	ABNORMAL	OP 08/01/12	22
1			1	*	ACH NETW	5	10	2	ABNORMAL	OP 08/01/12	22
1			1	*	ACH NETW	2	6	3	ABNORMAL	OP 08/01/12	22
1			1	*	ACH NETW	4	8	2	ABNORMAL	OP 08/01/12	22
1			2	*	AUDIO RE	1	1,000	1,000	ABNORMAL	OP 08/01/12	22
1			0	*	ACH NETW	4	20	5	ABNORMAL	OP 08/01/12	22
0			2	*	ACH NETW	4	20	5	ABNORMAL	OP 08/01/12	22
0			2	*	ACH NETW	5	50	10	ABNORMAL	FI 08/10/12	-N
0			2	*	ACH NETW	2	20	10	ABNORMAL	OP 08/01/12	22
0			2	*	ACH NETW	2	20	10	ABNORMAL	OP 08/01/12	22
0			1	*	ACH NETW	2	30	15	ABNORMAL	OP 08/01/12	22
0			57	*	ACH NETW	9	3,934	437	HIGH RISK	OP 08/01/12	22
0			68	*	ACH NETW	8	2,539	317	ABNORMAL	OP 08/01/12	22
0			68	*	AUDIO RE	4	5,200	1,300	HIGH RISK	OP 08/01/12	22

● Inquiry ● Tracker Review ● Activity Analysis

Cancel F7
Export F9
Member Connect F10
Print Report F14
View Config F15
Refresh List Ent

Total # records 5,138
Total # abnormal 2,868
Total # high risk 2,270

BC (4531) 8/14/12 11:06:04

Learn About This Feature

CMS Reasources

- **Audit Link Advisor**
 - <http://advisor.cuanswers.com/>
- **We can tie all of this together for you**
 - One time setup or permanent engagement
 - Training
 - Prices scaled to size of credit union/complexity

New Service Announcement

Brought to you by CU*Answers Management Services



Now Available for Abnormal Activity Monitoring!

We do the launch...you serve your members!

Visit <http://ms.cuanswers.com/> for more info