

# ***Concentration Risk and Abnormal Activity Monitoring Best Practice***

**August 14, 2012**

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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

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## *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**
  - **1<sup>st</sup> 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

*Enter net worth not including ALLL*

# of segments defined

Working with segment \*None

Corp ID

Month/year to process Jul 2012

Loans opened on or before  [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  and

% of net worth over

Current credit scores between  and

Maturing after  [MMYYYY]

# of days delinquent between  and

LTV % between  and

Dealer code

Sponsor code

G/L #

Business unit

Branch/location #

Loan officer ID

Member designation

Loan category

Loan purpose code

Loan security code

Collateral type

Loan process type

States where collateral resides

States where member resides

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

Risk Analysis Selection

[Network Links](#)

Net worth

Include Loans With

Ownership of  A = All  C = CU  I = Investor

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

Backup	F3
Select All	F9
Unselect All	F10

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.

Reset Filters	F5
Existing Segment	F6
Cancel	F7

BC (4132)
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## Segment Analysis

Session 2 CU\*BASE GOLD Edition - Risk Analysis



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### Risk Analysis

Segment: \*None

Concentration risk 267.58 %

Total balance includes CU and Investor Owned

Net worth 5,024,280

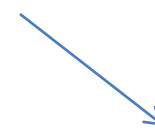
Total balance 13,444,430

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

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## Summary Statistics

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



[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	100.0%	Collateral	13,620,569
Individual	1,542	Investor owned	0	.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

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[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 (product view)

Session 2 CU\*BASE GOLD Edition - Product View

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

## 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

Session 2 CU\*BASE GOLD Edition - Segment Create

Segment ID: **CONS NON-MORTG**

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

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**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

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## Saving Segment Data

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

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Network Links

### Loan Risk Score Analysis Summary CONS NON-MORTG

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Maturity months	142	448	1	
Participation term				

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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

BC (4591) 8/13/12 10:51:02
Segment data saved
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## 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
<b>TOTAL</b>	<b>\$250,982.00</b>	<b>\$359,360.59</b>	<b>\$473,015.89</b>	<b>\$595,997.11</b>
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
<b>TOTAL</b>	<b>\$358,719.43</b>	<b>\$513,621.01</b>	<b>\$652,309.70</b>	<b>\$814,424.80</b>
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

Member Analysis - Transaction Activity Jul 2012 Transaction Activity

Branch  00 = All branches  
Filter

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

Backup F3  
Cancel F7

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





## 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

← → ↑ ↓ 🔍 ★ ?

Network Links

### Transaction Activity Summary Compare ATM NETWORK PROCESSING

Origin 
Compare period  to period 
Items to compare 
Difference >

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

Backup

↑ ↓

BC (4543) 8/13/12 15:28:44
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## Determining What is Normal Viewing transaction activity

Session 2 CU\*BASE GOLD Edition - Search for Active Account Types

[Click For Procedures](#)

Individual Account

[Network Links](#)



Name

Account #


Address

Home

Email

Opened Jan 27, 2004

Click this box to view activity



My Other Accounts

Secondary Names

Transaction Activity

Outstanding Follow-ups


Cross Sales

Print Envelope

Household Statistics

Type	Description	Loan Payoff/ Current Balance	Loan Payment/ Net Available	Next Payment/ Last Trans/ CD Maturity	IRA	P/R	ATM	AFT	FRZ	TRK	ACH	ODP	BOX	J/O
000	SHARE ADVANTAGE	5.04	0.04	Dec 31, 2010	.	.	.	.	0	Y	.	.	.	.
100	ADVANTAGE FREE	91.61	91.61	Aug 03, 2012	.	.	.	.	0	Y	Y	Y	.	.
710	1ST MTG. -VAR.	70,428.57	430.87	Sep 07, 2012	.	.	.	.	0	Y	.	.	.	.

Select     Account type desired     
↑ ↓

Verify My ID 

Comments	F1
New Account	F5
Cancel	F7
ACH	F10
Safe Deposit Box	F11
Closed	F13
Name/Address	F14
Sales Tools	F15
AFT	F16
OTB/Cards	F17
Tax File Inquiry	F18
ARU/HB Transfers	F19
Statements	F20
Nicknames	F21

BC [362] 6/13/12 12:31:25
[Learn About This Feature](#)

## 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

The screenshot displays the CU\*BASE GOLD software interface. The title bar reads "Session 3 CU\*BASE GOLD Edition - BEST ADVANTAGE CREDIT UNION". The main window is titled "General Configuration 1" and "MNCNFC". On the left, there is a navigation pane with "Menus" and "Speed Sequences". The "Menus" section includes "Auditing Functions", "Back Office", "Offline Card Processing", and "Vault Control". The "Speed Sequences" section includes "Collection Processing", "CU\*SPY Daily Reports", and "Process Member Loan". The main area shows a list of configuration options under "General System Configuration". Item 18, "Abnormal Activity Monitoring Cfg", is highlighted with a red box. The bottom of the interface features an "Ask the AnswerBook" button, a search bar, and a status bar with the text "BC (958) 8/13/12 13:20:31" and a "Learn About This Feature" link.

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

Network Links

### General Configuration 1

MNCNFC

#### General System Configuration

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

Ask the AnswerBook

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

Activity Monitoring Settings by Origin Group ADD

Member group 01 INDIVIDUAL  
 Origin group description ACH Transaction origin codes

Level	Transaction Counts		Combined Transaction Amount	
	From	To	From	To
NORMAL	0	<input type="text" value="1"/>	0	<input type="text" value="1,000"/>
ABNORMAL	0	<input type="text" value="8"/>	0	<input type="text" value="5,000"/>
HIGH RISK	0	<input type="text" value="9,999,999"/>	0	<input type="text" value="999,999,999"/>

Backup F3

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

*Numbers derived from  
your sampling and  
member inquiry*

## Configuring Origins

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

Network Links

### Configure Abnormal Activity Monitoring Settings

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

F3  
 F5  
 F6  
 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

### 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 Select

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

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

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

## Deep Diving on Accounts

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



Network Links

### Current Month Activity Compare

Daily Averages

Member

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

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](#)

## *Additional Features*

- **Data Center Employee Security report MNAUDT #23**
- **Configuration for Due Diligence codes MNCNFC #19**
- **No Notice Printed option for Courtesy Pay accounts**
- **Branch Indicator on the BSA report**
- **Permanent underwriting comments**
- **ATM Activity dashboard MNMGMT #10**
- **Member and Account Retention by Year Opened dashboards**
  - **MNMGMA #22, all the stats you need for ALM duration analysis for non-term shares**
- **OFAC scan archived to OUTQ**
- **Loan to Value report now has CLTV MNRPTE #18**

## *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**