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The SAS Gazette is a quarterly publication for Michigan's small asset sized credit unions. External submissions are accepted. SAS Gazette reserves the right to edit all articles for clarity and require articles to include author's name, organization and contact information. All articles published solely represent the views of the authors and are not necessarily the view of the Gazette or the MCUL.

To submit articles or comments for the SAS Gazette send them to nar@mcul.org

SOCIAL ENGINEERING: THEY HOPE YOU'RE ONLY HUMAN

By Linda Fletcher
MCUL Education and Events

Social engineering. The term sounds almost noble, doesn't it? When you hear the words, you might think of government programs to help raise families from poverty, or a carefully planned community such as Disney's Celebration in Florida.

Unfortunately, the reality of social engineering is anything but humanitarian. So if you're not familiar with the concept, there's never been a better time to learn, because the chances that you could be "socially engineered" in the future are increasing. And not knowing how to fight back could put your members' most sensitive information at risk.

Simply put, social engineering is the process of manipulating human behavior to obtain confidential information. A "social engineer" (aka intruder, criminal or hacker) gathers information about an intended target, develops a relationship with the target, manipulates the target into providing information, and then uses that information to achieve a goal—for example, stealing money from credit union/bank accounts or causing a vital infrastructure to collapse.

In the past, these attacks were usually accomplished with human-to-human interaction. For instance, at an office with a keyless entry system, an intruder would appear to be a co-worker so a friendly soul would hold the door open for him. Once inside, he was free to find and steal the information he wanted. Another criminal might have phoned a distracted help desk pretending to be someone in authority at the company, thereby securing the password to an important database. A third criminal could have disguised himself as a cleaning person, allowing him to go "dumpster diving" for account numbers and other important information in a corporation's unshredded trash.

Today, someone who wants to steal information no longer has to go to such lengths to get it. Thanks to our reliance on computers and the Internet, there's a whole new frontier to guard in the battle against information theft: the PC on your desk.

That's because e-mail viruses, booby-trapped

Websites and phishing, or spoofed e-mails, are proving to be effective weapons in the cyber social engineering attack. These weapons are crafted with the knowledge that sooner or later a human will come along and do what trusting and curious humans naturally do—open attachments, click on an enticing



Internet link, or provide passwords and account numbers. As a result, something you've done every other day of your life with no problems suddenly results in a crashed company network, stolen credit card information or the draft of your PC into an army of computers used to assault corporate databases—and you may never even know that it happened.

What makes it difficult to protect ourselves against these attacks is

the fact that the weapons wear a trusted disguise. An e-mail from a friend or co-worker can just as easily carry a virus-infected attachment as a chatty note. That link to a Website you think is safe could have malicious code buried in its depths that will add system-crashing spyware to your hard drive, or use your PC to seek out vulnerable spots in another computer network. The official-looking e-mail from your credit union or bank asking you to come to their site and verify your account number, PIN and social security number could grant an intruder access to your accounts *and* all the other information stored on your hard drive.

"Wait a minute," you might say. "I've heard about this happening, and I know not to click. Anyway, we're a small credit union. Who wants to bother with us?"

It's a fair question. But are you sure everyone in your organization knows what to do—and more important, what *not* to do? Think about this: if you're a hacker, who's easier to attack? Megacorp Inc., with an IT department the size of the U.S. Army? Or smaller companies with systems maintained by a single person, who probably has a dozen other responsibilities to distract them?

Even if your credit union's total assets are less than \$1 million, you still have plenty to offer a social engineer: your computer bandwidth, your computing power, your computer's identity and your members' social security numbers and financial information.

SAS Resource Center

The MCUL has several resources to assist SAS credit unions. MCUL staff may be reached at (800) 262-6285.

CONSULTING: Consulting staff assist with policies, procedures, supervisory committee audits, examinations, FOM issues, charter expansions, official family training, budgeting, and fee-based planning sessions.

REGULATORY CONSULTING: A consultant is available to review compliance with major regulations and provide suggestions for improvement.

REGULATORY AFFAIRS: Operations Support Line phone assistance for compliance and operational questions and referrals to Lawyers' Hotline.

REGULATORY SUPPORT: Regulatory staff are available to discuss and conduct background research, where necessary, on any regulatory issue.

MICHIGAN COMPLIANCE INFO SIGHT: Michigan Compliance Info Sight (or Info Sight) is an Internet-based compliance tool created by the MCUL in cooperation with several credit union leagues from across the country. Info Sight offers detailed compliance information useful to everyone from the CEO, to your credit union's compliance officer, to the front line staff and includes both federal and state compliance information in one location.

COMPLIANCE ASSISTANCE: Regulatory Affairs staff work with CU officials on compliance with state laws or regulations by discussing the possible ramifications of new mandates and then help the CU develop strategies to achieve compliance.

Carolyn Miller - SAS credit union consultant, Ext. 753

Steve Orr - helpline compliance consultant, Ext. 486

Brian Paul - consulting services director, Ext. 462

Stephon E. Johnson - regulatory compliance consultant, Ext. 561

REGULATORY COMPLIANCE ASSISTANCE

Compliance demands for credit unions continue to grow in complexity as new laws are enacted and agencies issue new regulations. Regulators are demanding higher levels of compliance to protect institutional safety and soundness, member information and assets, and public confidence in the nation's financial system. MCUL and CUcorp are continuing to respond to these regulatory expectations with products and services that meet the growing compliance needs of our member credit unions. Following is a description of the services provided in support of compliance assistance.

COMPLIANCE HELPLINE: The Helpline is one of the core compliance-related services provided by the League. It was previously known as R&I (Resource and Information and later, Research and Information) and has been and continues to be the key entry point for most credit unions seeking assistance. With its current compliance focus, it is designed to be the first place credit unions should turn with their compliance and regulatory questions. It is presently staffed by attorney, Steve Orr, MCUL Helpline Compliance Consultant. Steve tailors his discussion and guidance to the individual caller's position and level of experience. Coaching callers in how to use InfoSight described below and apprising them of other useful resources are also provided as a matter of routine. The goal of this service is to take the caller as far as practical over the phone in providing the needed assistance. For more information, please contact Steve Orr at (800) 262-6285, Ext. 486 or at sto@mcul.org.

FEE-BASED REGULATORY COMPLIANCE CONSULTING: Some problems by their nature are more complex and the Helpline is experiencing an increasing number of questions that require extensive time and assistance to resolve. Smaller credit unions and credit unions with less experienced compliance staff are increasingly turning to outside consultants and specialists to address these situations, but member credit unions should know that CUcorp has also responded to this need as well with the introduction of its fee-based Regulatory Compliance Consulting service in early March 2006. The purpose of this service is to provide a more advanced level of individualized assistance offered at the credit union itself. The service provides training and consulting services in several areas: Bank Secrecy Act, Training the Compliance Officer, Credit Union Policy Development and Customization, Web Site Compliance Audits, Disaster Recovery Assessments, and for state chartered credit unions, Training to File the 990. As other needs develop and demand for this service grows, additional services will be added. The position is staffed by attorney, Stephon Johnson, CUCE, and overseen by MCUL General Counsel, Veronica Madsen. For more information, please contact Stephon Johnson at (800) 262-6285, Ext. 561 or at sej@mcul.org or Veronica Madsen at (800) 262-6285, Ext. 461 or at vam@mcul.org.

REGULATORY ALERTS, FAQs, COMMENT CALLS AND "YOU ASKED US": Providing regulatory updates, guidance and opportunities for comment on regulatory proposals is another core service offered by the League. While member credit unions are the primary audience for these notices, they also serve to keep MCUL/CUcorp staff updated as well and trigger additional action for other resources. Regulatory Director, Mike DeFors, monitors regulatory developments at the federal and state level and provides notices of these proposals and final rules using stand alone Regulatory Alerts and Comment Calls or includes them as part of the monthly Governmental Affairs Update. These notices also trigger additional action with respect to CUcare's OPS Policy Manual, which is updated semi-annually based on new regulations. League Infosight, MCUL's new online compliance library, is also updated in due course. To help answer several questions on a particular topic, another popular product called the FAQs is developed and disseminated every other month. Finally, compliance topics of a general nature are usually included quarterly in the "You Asked Us" column in *Contact* magazine. For more information, please contact Mike DeFors at (800) 262-6285, Ext. 464 or at mjd@mcul.org.

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Fourth Quarter 2007 Michigan Credit Union League Education Calendar

January

11	Reg CC	Audio Conference
14-17	Midwest Management Issues Conference	Austin, TX
30	Safeguarding from Identity Theft	Internet Session

February

6-7	MCUL Lending Conference	Mt. Pleasant
13	Plastic Card Fraud	Internet Session
15	Coaching and Performance Management	Audio Conference
20-22	IT Risk Assessment Workshop	Northville, MI

March

1	Regulatory Roundup I	Webcast/Audio/Onsite
7-8	MCUL Marketing Conference	Inn at St. John's, Plymouth
14	Disciplining and Documenting Employees	Audio Conference
14	Collection Mistakes	Webcast/Audio/Onsite
14-15	MCUL Governmental Affairs Conference	Lansing
30	Spring Leadership Development Conference	Boyne

Visit the MCUL Online Learning Center and take advantage of additional training for credit union professionals—available 24 hours, 7 days a week. For management, staff, and volunteers, the MCUL Online Learning Center brings together the best of the best to provide comprehensive information on a variety of topics. Learn more and get started today at: <https://www.cuvlearning.com/mcul/>

CREDIT UNIONS ARE FEELING THE SQUEEZE WHEN IT COMES TO PERFORMANCE

By Tom Young
JMFA Regional Director

There are many economic factors that come into play: declining income opportunities due to a sinking housing market, lower interest rates and more consumers financial institution options have all had a major impact on credit unions nationwide.

- The sinking housing market due to a slow-growth economy means fewer loans and more loan defaults. In a recent speech, Federal Reserve Chairman Ben Bernanke indicated it would be very difficult to predict when the housing market would stabilize, because people buy houses both to live in and as investments.
- Loans that are being written are at rates that are still surprisingly low, which further impacts a credit union's income margin significantly. To compensate, credit unions have been cutting costs and setting aside less in reserves to cover bad loans. But that strategy could backfire if their members' credit quality starts to deteriorate and the credit union's reserve is not adequate.
- Consumer choice is causing yet other economic consequences. It seems like consumer loyalty is a fleeting concept with the rise of Internet banks, such as, ING Direct and HSBC Direct. Consumers can search out lower prices and defect to competitors with a mouse-click.

Yet research has found that in the faceless online market, consumers yearn for trustworthiness more than ever. Give it to them and they're yours forever. Analysis shows that a 5 percent increase in consumer retention rates results in a 25 percent to 95 percent increase in profits. Clearly, consumer loyalty is central to a company's fortunes.

An immediate way to increase your credit union's non-interest income and reduce your operating costs, thus positively impacting your bottom line is through overdraft privilege. Not only will it maximize your performance, it will provide your members with a value-added service that will help build trust and loyalty. Take a look at how your members and your credit union benefit.

Members can benefit because overdraft privilege will:

COVER UNINTENTIONAL MISTAKES – Members can breathe easier because their car note or merchant item won't be returned.

MAINTAIN CREDIT WORTHINESS – No more embarrassing visits to the retailer to "make good" on an item.

UPHOLD PRIVACY – Members' friends and family are never involved if they overdraw their account.

PROVIDE A FINANCIAL SERVICE – Members choose to use overdraft privilege to get them through tight situations; for others it is a safety net.

Credit unions can benefit from overdraft privilege by:

STREAMLINING YOUR PROCESSES – Freeing up your staff's time because they don't have to touch every overdrawn transaction.

INCREASING YOUR NON-INTEREST INCOME – In most cases an overdraft program can improve your non-interest income 50-300% without any major operational costs.

IMPROVING MEMBER SATISFACTION – Providing an added-value service like overdraft privilege can positively impact member loyalty. In selecting an overdraft privilege provider, make sure the provider stands out from the others with a solid reputation and track record.

Areas to consider are:

GUARANTEED COMPLIANCE – All aspects of the program should meet both current state and federal regulations and be guaranteed by the third party provider.

CORE PROCESSOR INTEGRATION – All processes are fully integrated with your current computer systems, saving your credit union valuable time by generating financial notices, letters and reports. Plus, the third party software must automate call tracking and charge-off events.

PROGRAM SUPPORT – Provide recommendations for disclosure, notification, marketing materials and procedural changes that have been reviewed and approved by top regulatory attorneys.

COMPREHENSIVE TRAINING – Train all employees on-site, and on all aspects of the overdraft privilege program. Already using an overdraft program? Maximize your performance with a tune up.

The financial industry is constantly changing. It is important to have your program reviewed periodically to ensure you are reaping the full benefits it offers. Plus, you must ensure that the program is compliant with all state and federal regulations. A third party consultant can help with this periodic review. When selecting a consultant, ensure they will perform an objective and comprehensive evaluation of your current program, including all aspects of compliance. That includes Regulations B, E, Z, 12 CFR Part 707, the FTC Act and Interagency Guidance. The provider should also perform a review of your policies, test your program's consumer friendliness and review key performance indicators – such as income and charge-offs – to make sure your institution reaches its peak potential.

The real bottom line; Non-Interest income enhancement and non-interest expense reduction are keys to future success. Implementing an overdraft privilege program or performing a review of an already established program can be a great way to reduce your operating costs, thus positively impacting your bottom line. Not only will you maximize your institution's performance, but you will also provide your members with a value-added service.

To maximize your credit union's performance, while giving your members a much needed benefit, consider JMFA OVERDRAFT PRIVILEGE® or JMFA Overdraft Privilege Compliance and Performance Review — both true win-win solutions. For a free overdraft privilege analysis or for more information, visit www.jmfa.com

John M. Floyd & Associates (JMFA), a CUCorp business partner, is a profitability and performance improvement consulting firm and a leading provider of overdraft privilege programs serving more than 2,000 financial institutions in 49 states and Central America. JMFA is also recognized for training, account acquisition, executive placement and earnings enhancement programs, as well as product, service, pricing and technology improvement consulting. As a direct result of our programs JMFA has helped thousands of clients dramatically improve their performance and bottom line. To learn more about JMFA, visit www.JMFA.com or call (800) 809-2307. You may also contact Tom Young, Regional Director at (877) 736-9440 or email him at tom.young@jmfa.com

WHEN WORDS FAIL: TIPS FOR PREPARING YOUR EMPLOYEES FOR A CRISIS

Imagine you are driving down the highway on your way to work. You have lots on your mind, reflecting upon your children's progress in school, the upcoming presentation at tomorrow's meeting and your plans for a relaxing weekend with your family. Your complacency begins to drift into autopilot.

Suddenly, the screech of tires jolts you back to reality and you are three seconds away from crashing into the back of an 18-wheeler. If you are fortunate enough to reduce your speed in time, you will survive the encounter unscathed thanks to a variety of physical and biochemical processes. This is known as the "fight or flight" response, which helps the individual take an immediate, reflexive action.

This response may also unfold during critical incident events that occur in the workplace, especially those that involve an escalation of violence, such as a robbery or an irate member. When employees and managers are transformed from a relaxed feeling to feeling at-gunpoint terror, their ability to perceive these events in a normal manner is changed dramatically.

Contrary to popular belief, most individuals will neither flee nor fight during a critical or traumatic event: They will freeze. Once people are paralyzed with fear, their performance under pressure and their ability to make effective decisions deteriorate rapidly. They enter a quasi-altered state of perception of extreme sensory overload known as tachypsychia (speed of the mind). The overload can cause perceived slow-motion and distortions in time and sensory awareness.

How successful an individual is at coping with the critical event depends on many factors, including fitness levels, psychological and spiritual resiliency, as well as preparation and training for such an event.

Proactive managers and administrators benefit greatly from educating their staff on how the human body reacts to the stress and trauma of critical events such as a physical assault or armed robbery. Here are tips for professionals to effectively cope with work-related critical incidents:

- **PLAN FOR POSSIBILITIES:** Role-playing practice under the watchful eye of expert trainers is one of the most effective methods for learning how you and your staff members will react under the pressure of dealing with angry, irate, or out-of-control individuals. This is the place for making mistakes and it is OK to make lots of them during this training.
- **MANAGING ANGER ON THE PHONE:** Irate members who call on the phone often just want to vent their anger. Other times, they can escalate to verbal abuse. To bring members back to reality, use language that controls their behavior.
- "Mr. Smith, can I ask you a question?" This technique stops the members tirade and interrupts their train of thought.
- "I'd like to assist you with this problem, but I need you to lower your voice and not curse; otherwise I cannot focus my energies to solving this issue for you. Can you please slow down so I can work with you?" Most of the time, people will react to this language by de-escalating their behavior.
- If their language continues to escalate, give them one more option. "Mr. Smith, if you would please stop yelling and cursing, I can help you. Or if you're still upset, will you please call me back when you've cooled down?" If they're not ready, you can tell them that you have other members to work with and they can call you later. The goal is to disengage them and let them contact you when they are less upset. It is important to document these incidents as well, so

if they do call back or decide to become litigious about the incident, you can protect yourself and the credit union with your record of the event.

- **CODEWORD FOR ESCALATING BEHAVIOR:** Establishing and using a discrete codeword can help employees during an escalating confrontation in the workplace. Managers and administrators should have a what if plan, should a critical situation arise. The codeword can be used to



notify a manager or co-worker to call the security or police, in cases that are more serious than a verbal confrontation.

- **UNDERSTAND THE HUMAN FACTOR:** Remember that even with the best preparation, no one is truly prepared for the effects of a critical incident. If we are exceptionally skilled or resilient enough to remain calm, we respond without a significant impact on our physical or emotional well-being. For some, a bank robbery will simply be an exciting story told at dinner. For others, this event may be a life-altering self-reflection or paradigm-shifting

epiphany. Unfortunately, for a few, such a traumatic event may result in short-term or long-term post-traumatic stress. Well-meaning managers may often strive to get things back to normal as smoothly and quickly as possible. Yet, not everyone may be able to bounce back in the same manner or within the same recovery time frame.

- **DE-BRIEF AND DOCUMENT ALL PERTINENT AND RELEVANT EVENTS:** Remember that conflicting versions and perspectives are commonplace during a traumatic event. Time is of the essence to avoid deterioration of memory, which can occur in 10 to 15 minutes. Anytime there is an incident in the workplace, you should be documenting the situation, including what happened and how it was resolved. If anyone should come back with a lawsuit or complaint, then your company will have records about the incident for protection.
- **IMPLEMENT CRISIS COUNSELING FOR ALL WHO REQUEST IT:** Not everyone will want or need counseling, but you should monitor changes in behavior for those involved with the incident. Those who don't seek help may be the ones in denial and possibly needing such assistance the most.
- **FOCUS ON RE-FRAMING THE NEGATIVE EVENT INTO POSITIVE OPPORTUNITIES FOR GROWTH:** Remind staff that they made it through and commend personnel for their courage. Do your best to normalize the environment and enhance team-building activities during this sensitive time. Encourage your staff to focus on friend and family contact. Studies show that socialization is a very important step in the recovery process. Isolation is the enemy of post-traumatic stress recovery.
- **WATCH FOR SIGNIFICANT CHANGES IN EMOTIONAL AND BEHAVIORAL INDICATORS IN YOUR PERSONNEL AND SEEK ASSISTANCE IF NECESSARY:** Crying spells, panic, feelings of "going crazy," reoccurring nightmares or flashbacks, uncontrolled anger, depression, or feelings of or expressing desire for self-destructive or suicidal outcomes are all signs and symptoms that the individual may need additional counseling or support.
- Having a sound crisis intervention plan in place can go a long way toward moving stress-affected individuals, groups, and organizational divisions to recovery. Implementing and practicing such strategies can effectively minimize the physical and psychological effects of trauma, accelerating the transition back to normalized work routines with enhanced and renewed health and productivity.

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REGULATORY COMPLIANCE WEB PAGE AND LEAGUE INFO SIGHT: Independent compliance research is becoming more common today and, for CEOs or compliance officers who desire to conduct regulatory research electronically, and on their own time, even after work hours, they have an excellent starting point in the MCUL Regulatory Compliance Web page. It is a highly useful resource for general compliance. A 2005 addition to the Compliance web page was the new compliance database League InfoSight, an Internet-based library of compliance information with executive summaries developed for busy CEOs and more in depth analysis and secondary resources for compliance officers needing more detail. It is designed to replace the old CMS system. It is available 24 hours a day, is regularly updated, and includes Michigan specific content. An important part of InfoSight is CUNA's Compliance eGuide, which is an outstanding resource created and maintained by CUNA's professional regulatory staff.

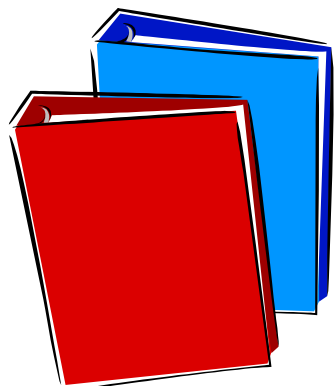
LAW FIRM REFERRAL SERVICE: When Helpline callers require legal counsel, Steve must refer them to outside law firms as the League is not permitted under Michigan law to provide legal advice and interpretation nor document drafting and review. In response to this need, the League established a Preferred Law Firm Referral program that now provides a list of law firms and attorneys that can address various matters in a number of specialties. Callers may inquire over the Helpline who these firms are, or may go directly to the MCUL web site. Member credit unions should know that the law firms that agreed to participate were required to complete an extensive background questionnaire to enable the League to conduct an appropriate level of due diligence before accepting the law firms into the program. These law firms will also demonstrate their support for various League activities in an effort to raise familiarity with member credit unions.

DISASTER RECOVERY MANUAL: The Disaster Recovery Manual is a compliance-related product offered through CUcare and is designed to assist credit unions with the requirements to prepare them to handle emergency situations with a step-by-step process. The Manual is a comprehensive easy-to-use resource designed to help credit unions customize, implement and maintain their disaster recovery plans using a simulated online format with off-site storage of the plan. The CUcare team will take the credit union from development to actual implementation. The Disaster Recovery Manual is a PC based product and includes these components: Implementation Guide, Pilot Disaster Contingency Plan, Sample Forms for Building the Plan and other Reference Materials. For additional information, contact staff at CUcare.

OPERATIONS POLICY MANUAL (OPS MANUAL): To ensure credit unions have access to a reliable operations policy resource, CUcare offers another compliance-related product comprised of comprehensive policies and procedures – developed and written especially for credit unions by regulatory experts. This Manual is designed so that credit unions may customize and implement policies that are particular to that credit union. The OPS Manual is available in both Microsoft Word and Online (WEB) versions. Chapters in the Manual include: Administrative, Operations, Accounting, Security, Asset/Liability Management, Investments, Lending, Other Real Estate Owned and Federal Regulations. Subscribers receive an Update Service at no cost for one year and monthly newsletters called *OPS Notes*. Some policies may be purchased individually and some related policies are available in a bundled package. For additional information, contact staff at CUcare.

COMPLIANCE EDUCATION AND TRAINING: Throughout the year, the MCUL Education and Training Department provides a variety of education sessions addressing specific topics relating to compliance and operational issues. For example, the year 2006 started out with the Reg D, Truth in Savings and Overdraft Protection session in January, HSA's, Privacy and Bankruptcy sessions in February, FACT Act and IRA Essentials in March. Many other sessions were offered throughout the remainder of the year, most recently ending with sessions on filing the 990 and examination issues regarding IT security. Many of these sessions are conducted as audio teleconferences except for the annual Regulatory Update, which is a 3-hour live video/audio broadcast. Many of these sessions are archived and available to credit unions following the event. In addition, MCUL offers nearly 60 compliance courses through the Online Learning Center available through the Education page of the MCUL web site.

In conclusion, the MCUL and CUcorp are very aware of the need for information, education and training in the broad area of compliance. With a full offering of many different ways to receive assistance, we continue to strive to provide the best tools we have to assist member credit unions in their efforts to achieve regulatory compliance. If we don't have what you need, do not hesitate to tell us, because we want to be the place you turn to first to get your questions answered. We want to be your Information Central.



RESOURCES FOR SMALLER CREDIT UNIONS

Credit unions less than \$35M in assets will receive a 50% discount on registration for the GAC, February 25-28, 2007. The conference registration is \$400, instead of the regular \$795.

CUNA's professional development conference, America's Credit Union Conference & Expo, June 3-6, 2007, offers credit unions under \$35M a free registration for the credit unions first attendance and a \$400 registration fee for each additional attendee. Regular registration rate (\$795). For more information, please visit CUNA's website at www.cuna.org.

HAVE A TOPIC TO SHARE?



Credit union professionals who would like to submit an article for the *Gazette* that would be of interest to small assets size credit unions \$20 million and below, can contact Nikkia Riggins, *Gazette* editor at nar@mcul.org.

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So how can you protect those whose information you safeguard? One of the most important steps is to develop strong IT security policies for your credit union, and to commit to reviewing and adjusting your policies at regular intervals. Some of the points you should address are:

Internet Use: Who can use the Internet, and which sites can they access? How will you prevent identifying information from being deposited and passed on?

E-Mail Use: What is acceptable use of e-mail? What is your procedure for handling e-mail attachments? How will you deal with spam?

Illegal or Unauthorized Software: Can employees install any sort of software on their workstations? If so, what will you allow, and what will be banned?

Computer Passwords: Who issues them? Are they difficult for someone to crack? How will you handle password changes, or lost passwords?

Virus Protection: Does every computer have

it? Is it regularly updated? Are there procedures in place for when a virus attack occurs?

Storing Information on Computers: How do you protect the information? How long should you keep it? Are there regular backups? Is the backup safe?

Violation of Policies: How will you deal with violations of your IT policies, by employees or others?

Another important step in foiling the social engineer is to educate yourself on the pitfalls and solutions of safe computer use, and to stay up to date on current information security developments.

This year's Fall SAS Credit Union Conference which was presented as an Internet session on Nov. 7, featured a presentation on IT Security. The presentation addressed the challenges credit unions face in protecting their electronic data and profiled threats and vulnerabilities typically associated with financial systems technology. Representatives from OFIS and NCUA were also on hand to talk about their agencies'

respective approaches to IT Security. The conference wound up with an informative question and answer session.

If you missed the SAS conference, or if you were able to attend but would like to train others in your credit union on this vital topic, an archive of the session is available for purchase now in our Online Learning Center. Internet session archives are generally available for one year from the date of the original session, and the cost for unlimited access during that period is just \$49 per Internet connection for Michigan credit unions with assets of \$20 million and below, or \$149 per Internet connection for all other credit unions.

For more information purchasing the IT Security Conference archive, go to www.mcul.org, and click on the "Education & Events" link. Select the "Online Learning Center" link and you'll see a link to "Archived Internet Sessions". If you have any questions, or would like more information, e-mail MCUL Education at educate@mcul.org, or call (800) 262-6285.

PROTECTING CUSTOMERS' FINANCIAL DATA

Data security concerns are penetrating small businesses, with more than 64 percent taking action within the last 12 months to better protect customer financial information, according to a survey from Visa USA and the U.S. Chamber of Commerce. Although businesses are taking action, the issue is far from top of mind for business owners, with 64 percent saying they rarely if at all worry about securing customer data. "Merchants are increasingly locking down customer data, but there is more work to be done," says Rosetta Jones, vice president, Visa USA. "The payments industry and merchants share common customers, a common payments system and common enemies on the fraud front. It's vital that we work together to protect cardholders and this educational tour is one way we are doing that."

Most small businesses gave themselves strong grades on how well they are protecting customer data, with two-thirds (67 percent) giving themselves an 'A', some 27 percent rating themselves a 'B' and 5 percent giving themselves a 'C' or below. But the U.S. Chamber of Commerce wants that grade to be higher. "Making the grade on data security, means 100 percent of businesses are earning an 'A'," says Sean Heather, executive director, U.S. Chamber of Commerce. "We're committed to helping businesses of all sizes strengthen their overall data security by delivering valuable resources and expert knowledge to the business owners and managers."

Additional survey results include:

- Small retailers spend more resources preventing the theft of products and cash from their store (34 percent) than securing customer data (20 percent).
- Nearly two-thirds (64 percent) have made improvements to how their business protects customers' personal information, including credit and debit card data, over the past 12 months, and nearly three-in-ten (29 percent) have done so in the last 3 months.
- Only 17 percent said they knew what magnetic stripe data was.
- Some 53 percent of retailers think their customers rarely, if at all, worry about their personal information.

CUNA'S PCA CHECKUP

Is fast asset growth causing your net worth to decline? Is your credit union over-capitalized? Undercapitalized? CUNA's PCA Checkup helps you answer questions like these and helps guide strategic capital management decisions.

PCA Checkup is the ideal planning tool and/or board education tool. Your PCA Checkup calculates your credit union's net worth ratio and uses a series of tables and graphs to summarize the interactions between earnings, asset growth and net worth over time.

Your 15-page, full-color report contains calculations and forecasts specific to your credit union.

The PCA Checkup gives your credit union:

- its net worth ratio using PCA definitions;
- its "complexity" status & calculates any applicable risk-based net worth requirement according to NCUA's proposal;
- its PCA net worth category;
- forecasts for potential changes in net worth ratio using five scenarios;
- data on how changes in asset growth rates affect net worth ratio over time; and
- data on how changes in earnings rate affect net worth ratio over time.

The PCA Checkup costs only \$40 for credit unions over 35 million in assets, \$25 for credit unions under 35 million. It's available by writing Sara Kegel at skegel@cuna.com or calling her at (800) 356-9655, EXT. 4146.

