



Compliance, Risk and Operations!

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From the start

Overcome compliance hurdles by properly identifying areas of risk and mitigation through policy, procedures and training

1. Account Opening
2. Lending



What are your biggest compliance challenges?

- Opening the account properly?
- How do we comply with lending regulations?
- Do we have the regulatory authority to serve new markets?



Every position plays a role in compliance and risk mitigation

- **Understand** how your responsibilities and actions relate to the compliance regulations
- Ensure you are following your credit union's **policies and procedures**
- **Compliance is worth the investment**



Account opening

Taxpayer Identification Numbers

- Social Security Number (SSN)
- Individual Taxpayer Identification Number (ITIN)
- Employer Identification Number (ITIN)

CIP/MIP requirements for citizens of non-U.S. countries

- **Name**
- **Date of birth**
- **Address**
- **One or more of the following:**
 - U.S. Taxpayer identification number, passport number and country of issuance, alien identification card number, number and country of issuance of any other government-issued document evidencing nationality or residence bearing a photograph



Credit unions will need to:

- Discuss which **forms of identification** will be accepted by the credit union
- **Review policies and procedures**
- **Train staff** on different forms of identification for fraud detection
- Alternative forms of due diligence and verifying the identity of the potential member on a **risk basis** to ensure a reasonable belief is formed



Lending

- **Equal Credit Opportunity Act/Regulation B:** Evaluating Creditworthiness
- **Unfair, Deceptive or Abusive Acts and Practices:** Avoiding Unclear Advertising and Loan Terms
- **Additional considerations**



Equal Credit Opportunity Act

ECOA and implementing Regulation B makes it **unlawful for a creditor to discriminate** against an applicant based on race, color, religion, national origin, sex, marital status or age



Unfair, Deceptive, Abusive Acts and Practices

- Applies to all elements of interacting with consumers
- Reasonableness standard
- Regulation Z – Language of disclosures



Regulations cont.

Identity theft red flag

Understand the credit union's policies and procedures


Review State law

Utilize any available guidance from your state regulator and state Attorney General's Office



Don't forget to consider...

- Operational challenges – preparing IT systems, understanding credit reporting with your CRA
- Updating your credit union's risk assessment
- Alternative underwriting models
- Preparation for your upcoming exam



What compliance and risk resources does your credit union need most?

- Account opening training for staff?
- Individual assistance with policies and procedures?
- Underwriting and lending regulation support?

Preparation

- NCUA letters: Legal Opinion Letter 14-080 and Legal Opinion Letter December 9, 2003
- FFIEC BSA/AML Exam Manual: Customer Information Required
- ITIN Implementation Guide – Available on Filene’s website
- Review your own policies – do they match your procedures?!
- Training



Questions?