

### *Core Systems - Helping with Regulatory Issues & Compliance Pressures*

This was the year in which credit unions truly had an opportunity to evaluate their core system's ability to react to the changes, not just as a tool provider, but as a partnership between compliance personnel, business leaders, and tool designers. This was the year where these teams needed to react quickly, communicate thoroughly, and have the ability to innovate to protect as much income as possible while keeping their eye on the regulatory requirements.

My message to credit unions is to make sure you evaluate what that partnership has looked like over the last year and your core processor's ability to communicate and work as a partner (not just as a vendor), with the overall goal of protecting the credit union's bottom line and improving the member experience.

Several years ago CU\*Answers invested in the development of a division of the company called Audit Link. Audit Link's primary focus has been on creating core system tool sets and services to address the heavy burden of compliance and audit-related expenses in credit unions.

The moment new regulations are proposed they are evaluated by the Audit Link team, led by Jim Vilker. Jim Vilker (an NCCO) has a regulatory background serving as an examiner for five years, operational knowledge of credit unions from a practical standpoint serving as an EVP of a midsize credit union, as well as intimate knowledge of the CU\*BASE core platform. Once the regulations are evaluated, a response goes out to CU\*Answers clients outlining the impact of the regulation from not just a software perspective but also from a practical perspective on the impact to the credit union's overall operations. A comment period follows which in many cases also includes focus groups and web conferences to garner as much input from the CUSO's owners/clients as possible. The final specifications are then written and our production team takes the ball and runs with continuous updates to the owner/client base on anticipated delivery dates.

CU\*Answers believes that the tools for automation must be intellectually owned by the CUSO, not loose interfaces to disparate systems. When the FACT Act went into effect, the CU\*BASE platform was augmented to immediately address the risk associated with personal information changes. Automated processes were put in place that warn the credit union staff when working with a member who has changed personal data at the teller line, phone center, and when ordering any type of plastics. New members are sent through the OFAC database during the account opening process without having to access a separate system. During any auditable event - such as OFAC scans, transaction on a dormant account activity, transactions warranting BSA or SAR review, FIDM data match, or personal information change - the system writes out an audit record at the membership level which then creates an automated audit trail. Not only is the activity saved electronically but the review process is stored on the system for the life of the member's relationship with the credit union.

The owners of CU\*Answers have created an atmosphere where the staff of the CUSO have become natural extensions of the credit union staff. In the compliance arena we have created a community of business leaders and compliance officers who constantly communicate and find solutions not only from a data processing perspective, but from an operational perspective as well, where participation guarantees results and understanding at the credit union staff and member level. With this community focus we have collaboratively built a compliance division of some of the best industry experts in the nation, whose collective intelligence can be shared by every owner/client of the CU\*Answers and cuasterisk network of partners.



**Randy Karnes**  
CEO

**CU\*ANSWERS**  
A CREDIT UNION SERVICE ORGANIZATION

#### Contact Info

[www.cuanswers.com](http://www.cuanswers.com)

**Randy Karnes** has been CEO of CU\*Answers since 1994, a credit union-owned CUSO that provides core processing, consulting, management, and technology services. An active participant in the credit union industry since 1985, Mr. Karnes serves on the Boards of Callahan & Associates and eDOC Innovations. He is also a faculty member and facilitator for NACUSO's Applied Education and Certification Program at Pepperdine University. Mr. Karnes has an infectious vision and drive for bringing credit unions together to explore the power of collaboration in entirely new ways. His enthusiasm for imagining and building new credit union business models has been helping to change the way many credit unions will approach serving members now and in the future.