

InfoSight Newsletter

November 17th, 2023 | Volume 17 | Issue 44

**REMINDER: There is NO NEWSLETTER next week
(11/24)**

League InfoSight Highlight: Here Come the Consumer Compliance Exams!!

It shouldn't come as a surprise based on the NCUA's budget and Board member prepared remarks that they are creating consumer compliance specialist positions and starting the process to build out an enhanced consumer compliance exam program. Specifically, the [NCUA's "budget justification comments"](#) indicate the hiring of eight new consumer compliance specialists, six new regional bank secrecy specialists, and six new supervisory specialists. These specialists will be offset by a reduction of 10 general examiner positions.

State agencies are also starting to build dedicated risk-based compliance examination programs specifically for consumer compliance and compliance management systems (CMS).

What does that mean for credit unions? Now is a good time to review your CMS and see if there are opportunities to improve! Here are some questions and considerations for ensuring your credit union has an effective program:

Ownership and Tone at the Top – Who is responsible for compliance at the credit union? Hopefully, compliance is shared across the organization and everyone's roles and responsibilities are clearly defined. It's important that employees are held accountable for compliance initiatives and that the Board of Directors provides a culture of compliance and tone at the top!

- Do policies clearly outline responsibilities?
- Do procedures provide detail and expand on the policy requirements?
- Are independent audits performed and provided to the Board?

Technology – While technology isn't required for an effective compliance management system, the larger the credit union, the harder it is to manage an effective compliance program without some type of formal assessment of risk, a central repository for evidence of reviews, and documentation of corrective action and resolution. Technology also helps credit unions stay on top of regulatory changes with different alert mechanisms and key points.

- How does the credit union identify compliance risk?
- What processes are in place to review operational areas and compliance with applicable laws and regulations?
- Are policies and procedures being followed? Are they compliant?
- How is the credit union meeting legal/regulatory requirements?
- How is the credit union keeping pace with regulatory changes and expectations?

Training – Employees should be trained on regulatory requirements and how they impact the credit union's policies and procedures.

- Do credit unions know where to access the credit union's policies and procedures?
- Is training specific to the employee's role?

Complaint Management –Member complaints can indicate weakness in elements of the credit union's CMS, such as training, internal controls and/or monitoring. A complaint management system can help to detect unfair, deceptive, or abusive acts and practices.

- Is a "complaint" defined at the credit union?
- Are complaints aggregated and captured?
- Is there a consistent voice in responding to a complaint?
- How are complaints resolved and/or corrective action taken?

Third-Party (Vendor) Due Diligence – With third parties being used more and more to provide critical products and services to members, it's becoming even more important that credit unions have a concrete vendor due diligence program. Critical vendors should be reviewed more frequently and in greater detail.

- Are you holding your vendors accountable?
- Are you prepared if a critical vendor has a data security breach?
- Does the credit union staff have the knowledge to review critical vendors?
- Are you adhering to your vendor management policies and procedures?

Don't forget you are not alone! We have plenty of resources to help you with every aspect of an effective CMS! Need help? Don't hesitate to reach out to us! Info@LeagueInfoSight.com

- [InfoSight - Compliance Information and Resources](#)
- [CU PolicyPro – Model policies and procedures](#)
- [ComplySight – Self-administered compliance management and complaint management system](#)
- [AffirmX – Full service independent compliance reviews, internal audits and regulatory audits](#)
- [CUVM – Full service vendor management partner](#)
- [RecoveryPro – Business Continuity Planning System and Model Content](#)

Glory LeDu

CEO, League InfoSight and CU Risk Intelligence

News and Alerts!

Agencies Announce Dollar Thresholds for Applicability of Truth in Lending and Consumer Leasing Rules for Consumer Credit and Lease Transactions

The Federal Reserve Board and the Consumer Financial Protection Bureau today announced the dollar thresholds used to determine whether certain consumer credit and lease transactions in 2024 are subject to certain Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing) requirements.

[Read More](#)

Agencies Announce Dollar Thresholds for Smaller Loan Exemption from Appraisal Requirements for Higher-priced Mortgage Loans

The Consumer Financial Protection Bureau, the Federal Reserve Board, and the Office of the Comptroller of the Currency today announced that the 2024 threshold for whether higher-priced mortgage loans are subject to special appraisal requirements will increase from \$31,000 to \$32,400.

The threshold amount will be effective January 1, 2024, and is based on the

annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, known as CPI-W, as of June 1, 2023.

[Read More](#)

CFPB Orders Citi to Pay \$25.9 Million for Intentional, Illegal Discrimination Against Armenian Americans

The Consumer Financial Protection Bureau (CFPB) ordered Citi to pay \$25.9 million in fines and consumer redress for intentionally and illegally discriminating against credit card applicants the bank identified as Armenian American. From 2015 through 2021, Citi singled out for discrimination applicants for certain credit card products, based on their surnames, whom it suspected of being of Armenian descent. Citi supervisors conspired to hide the discrimination by instructing employees not to discuss the discriminatory practices in writing or on recorded phone lines. Citi employees also lied about the basis of denial, providing false reasons to denied applicants. Under today's order, Citi will pay \$1.4 million to harmed consumers along with a \$24.5 million penalty.

[Read More](#)

New Help For Spotting, Avoiding, And Reporting Scams In Multiple Languages

Scammers speak your language. That's why the FTC now takes reports in multiple languages. To report in Mandarin, Tagalog, Vietnamese, French, Arabic, Korean, Russian, Portuguese, Polish, and many other languages, call the FTC at (877) 382-4357. But wait, there's more. Now you'll find advice in a dozen languages at ftc.gov/languages. There you'll learn how to avoid a scam, what to do if you paid a scammer, and how to avoid scams targeting your small business. There's even a fraud handbook for recent arrivals to the United States.

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Comment Period Open on Fair Hiring in Banking Proposed Rule

The NCUA invites public comment on a Fair Hiring in Banking [proposed rule](#). For more information or to submit a comment, [please visit Regulations.gov](#). The NCUA Board, at its Oct. 19 meeting, unanimously approved the proposed rule that would incorporate the NCUA's [Second Chance Interpretive Ruling and Policy Statement \(IRPS 19-1\)](#) and statutory prohibitions imposed by Section 205(d) of the Federal Credit Union Act into the agency's regulations. This proposed rule would allow people convicted of certain minor offenses to work in the credit union industry without applying for the Board's approval.

[Read More](#)



Questions, Comments, Concerns? We are here to help! Email us at info@leagueinfosight.com