

# Compliance Town Hall

# Housekeeping

Your lines will be muted throughout the presentation, but your participation is welcome.

Please enter questions on the **Q&A** tab at any time.

You'll receive a copy of the presentation slides and a recording within two business days following the webinar.

All questions (1)

My questions

Lee 01:54 PM

Will there be a follow-up session?



Comment

Type your question here...

# **Juliana Maneno**

## **Compliance Analyst, Advisory**

Joined Jack Henry in 2019

Supports company compliance initiatives, federal laws and regulations, best practices, and industry standards

Implements compliance regulations into business processes

Communicates understanding of current legislation

Tracks new and pending legislation to ensure continued compliance

Email: [jmaneno@jackhenry.com](mailto:jmaneno@jackhenry.com)



# Jeff Paris

## Senior Product Manager

Joined Jack Henry in 1998

Manages a large portion of Symitar® core functionality

Member Services functionality: ACH, dividends, drafts, fees, holds, members, teller transactions, and wires

Reporting functionality: CTR and IRS

General ledger functionality: Accounts payable and teller balancing

Manages product backlogs, moderates IdeaLab submissions and works with Product Development teams to deliver and communicate core enhancements

Email: [jeparis@jackhenry.com](mailto:jeparis@jackhenry.com)





# Barbara Fraire

## Senior Product Manager

Joined Jack Henry in 1994

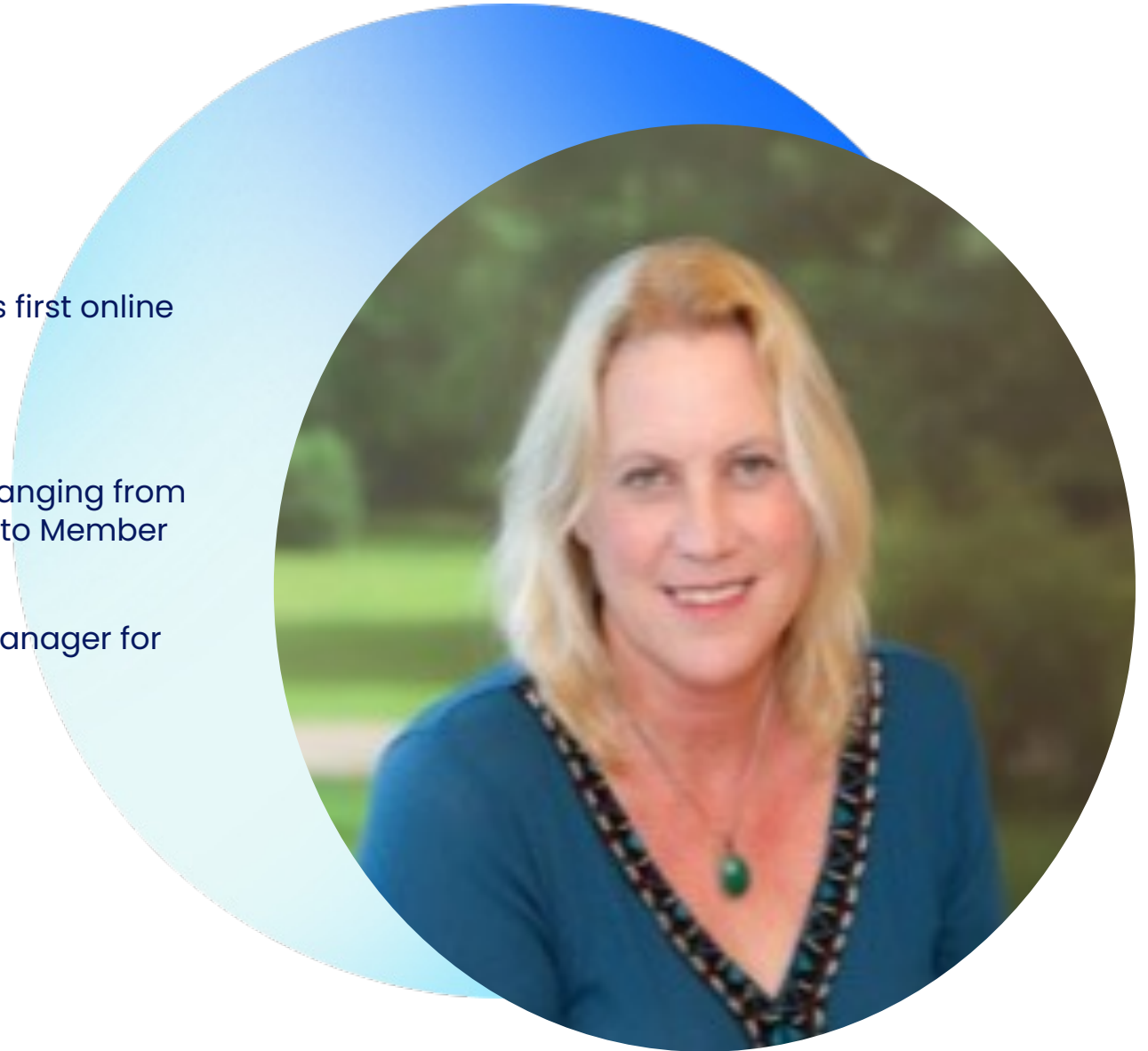
Instrumental member of the project that delivered Symitar's first online documentation

Moved into education and instructional design

Spent more than 20 years developing training on subjects ranging from PowerOn®, Symitar PowerFrame Docs™, and SymXchange™ to Member Business Services and Lending

Currently serving in Product Development as the product manager for Symitar Lending and Commercial Services

Email: [BFraire@jackhenry.com](mailto:BFraire@jackhenry.com)



# Paul Kumbier

## Technical Product Manager

Joined Jack Henry in November, 2023

Product Management for Symitar® Card Services

Manages product backlog, moderates IdeaLab submissions and works with Card Services programming team to deliver and communicate enhancements

Nearly 25 years of card payments transaction processing and core integration experience

Email: [PKumbier@jackhenry.com](mailto:PKumbier@jackhenry.com)



## **Derek Borckmann** **Senior Technical Product Manager**

Joined Jack Henry in 2024

Supports the growth of the enterprise-wide fraud product, Financial Crimes Defender

Manages product roadmap and on-going projects

Works on integration and interfacing with multiple other Jack Henry products to create a “one view” model for the customers

Stays keenly aware of the market and current fraud trends

Email: [dborckmann@jackhenry.com](mailto:dborckmann@jackhenry.com)



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# Agenda

Trending Topics	10
Fraud	
– Jack Henry Financial Defender™ Defender Enterprise Solution	18
– Fraud Consolidation	
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The image features a dark blue background with a minimalist geometric design. Three large, light blue circles are arranged horizontally, overlapping each other. Two thin, light blue vertical lines intersect the circles, passing through the points where the circles overlap. In the center of the composition, the word "Fraud" is written in a bold, white, sans-serif font.

**Fraud**

## In This Section

- Bank Fraud Update
- Types of Fraud Seen
- Specific Types of Fraud
  - Check Fraud
  - ACH Fraud
  - Card Fraud
  - Instant Payments
- Jack Henry Solution
  - Financial Crimes Defender



# Jack Henry: Fraud Update

## JHA Defender™

Enterprise Fraud Platform

**Industry leading** risk factor monitoring to combat financial crimes and fraud in the real-time digital world

Fraud

### Banks Reporting Fraud



• Checks	65%
• ACH debits	33%
• Wires	24%
• Credit cards	20%
• ACH credits	19%
• Faster payments	11%
• Virtual cards	3%

Fraud

### Recovery



• None	30%
• More than 75%	29%
• Less than 10%	9%
• 26%–50%	8%
• 51%–75%	8%
• 11%–25%	4%

Fraud

### Fraud Basis Points



• Zelle®	7–11 BPS
• Credit cards	6–7 BPS
• ACH	6–7 BPS
• Checks	5–6 BPS
• ATM	3–5 BPS

# Jack Henry: Fraud Update

## JHA Defender™

Enterprise Fraud Platform

**Industry leading** risk factor monitoring to combat financial crimes and fraud in the real-time digital world

Fraud

### Unauthorized Fraud



- Identity theft
- Phishing
- Account takeover
- Card not present
- Lost or stolen cards
- Chargeback fraud
- Insurance fraud

Fraud

### Authorized Fraud



- Imposter scams
- Prizes and sweepstakes
- Investments
- Job opportunities
- Mobile services
- Travel and vacation
- Fake check scams

Fraud

### Types of Data Stolen



- Social Security Numbers
- Health information
- Drivers licenses
- Bank accounts
- Emails/passwords



# Jack Henry: Check Fraud Update

## JHA Defender™

Enterprise Fraud Platform

**Industry leading** risk factor monitoring to combat financial crimes and fraud in the real-time digital world

### Fraud Checks



- Intercepting checks
- Check washing
- Forgery
- Counterfit checks
- Chargeback fraud
- Job scams
- Chargeback fraud

### Fraud Checks



- \$815 million lost to fraud in 2023
- 680,000 fraud reports to FinCEN
- Rose 84% from 2022
- Georgia and Florida are the highest check fraud states

### Fight Fraud Checks



- Partners for account status check
- JH uses data from Ensenta, SmartPay, and our cores
- Partner with vendor for check stock and signature validation
- Use gel ink pens





# Jack Henry: ACH Fraud Update

## JHA Defender™

Enterprise Fraud Platform

**Industry leading** risk factor monitoring to combat financial crimes and fraud in the real-time digital world

Fraud

ACH



- Phishing
- Insiders
- Data breaches
- Payroll fraud
- Malware
- Skimming
- Social engineering

Fraud

ACH



- \$650 million lost to fraud in 2023
- 556,000 fraud reports to FinCEN
- Rose 31% from 2022
- Georgia and California are the highest ACH fraud states

Fight Fraud

ACH



- Fix ACH payment inconsistencies
- Verify requests
- Implement ACH blocks
- Implement two-factor authentication



# Jack Henry: Card Fraud Update

## JHA Defender™

Enterprise Fraud Platform

**Industry leading** risk factor monitoring to combat financial crimes and fraud in the real-time digital world

Fraud

### Credit and Debit Cards



- Account takeover
- Card present fraud
- Lost or stolen card
- Identity theft
- Skimming
- Phishing
- Card not present

Fraud

### Credit and Debit Cards



- \$246 million lost to fraud in 2023
- 2.4 million fraud reports to FinCEN
- Raises 12% each year
- California and Texas are the highest fraud states

Fight Fraud

### Credit and Debit Cards



- Use rules to verify transactions
- Use models for statistical analysis
- Authenticate cardholder
- Use biometrics



# Jack Henry: Instant Payment Fraud Update

## JHA Defender™

Enterprise Fraud Platform

**Industry leading** risk factor monitoring to combat financial crimes and fraud in the real-time digital world

Fraud

### Instant Payments



- Zelle®, RTP, FedNow
- Non-authorized fraud
  - Account takeover
- Authorized fraud
  - Romance scams
  - Employment scams
  - Elder abuse scams
  - Puppy scams

Fraud

### Instant Payments



- \$806 million lost to fraud in 2023
- 3.6 million fraud reports to FinCEN
- Raises 28% each year.
- California and Texas are the highest fraud states

Fight Fraud

### Instant Payments



- Use rules to verify transactions
- Use models for statistical analysis
- Provide risk Insights
- Use behavior biometrics



# Jack Henry Platform: **Financial Crimes Defender**

What we have been building in  
the fraud and AML world for  
the future

**jack henry**<sup>™</sup>





## • Types of Transaction Monitoring

### BSA

- Layering
- Structuring
- Crypto
- Human trafficking
- High risk
- International focus
- Segmentation
- OFAC/watchlists

### Fraud

- Check
- Deposit
- Mobile deposit
- ACH
- Wires
- Zelle®
- RTP
- FedNow\*



\* FedNow Network is anticipated to be delivered in 2023



# JH Integrations

- JH Cores
- Account Opening Platforms
- Banno™
- Banno Business™
- JHA Treasury Management™
- JHA Commercial Cash Management™
- SmartPay
- CPS
- iPay
- JHA PayCenter®
- *jha*Enterprise Workflow™
- and many more.....

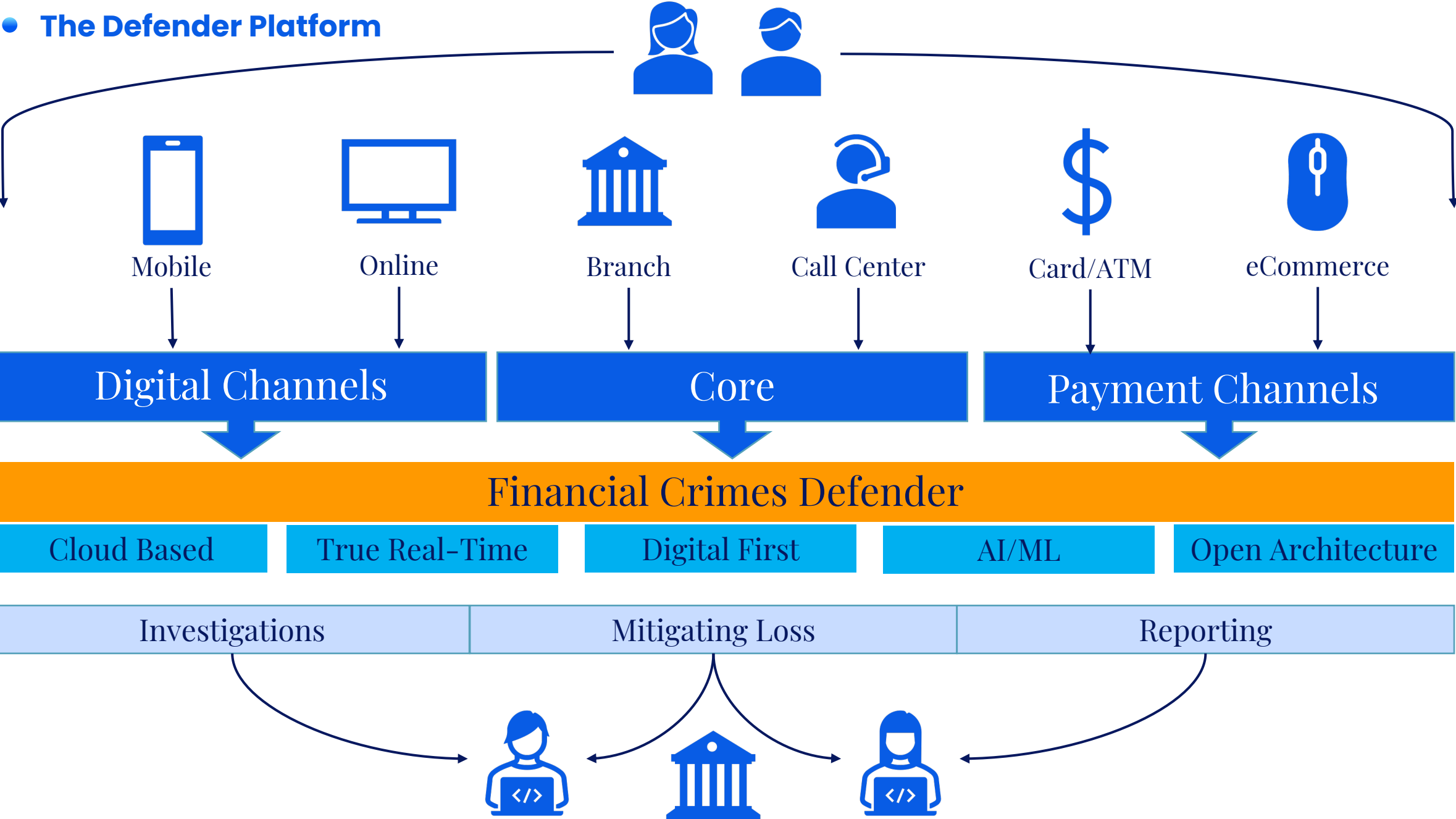


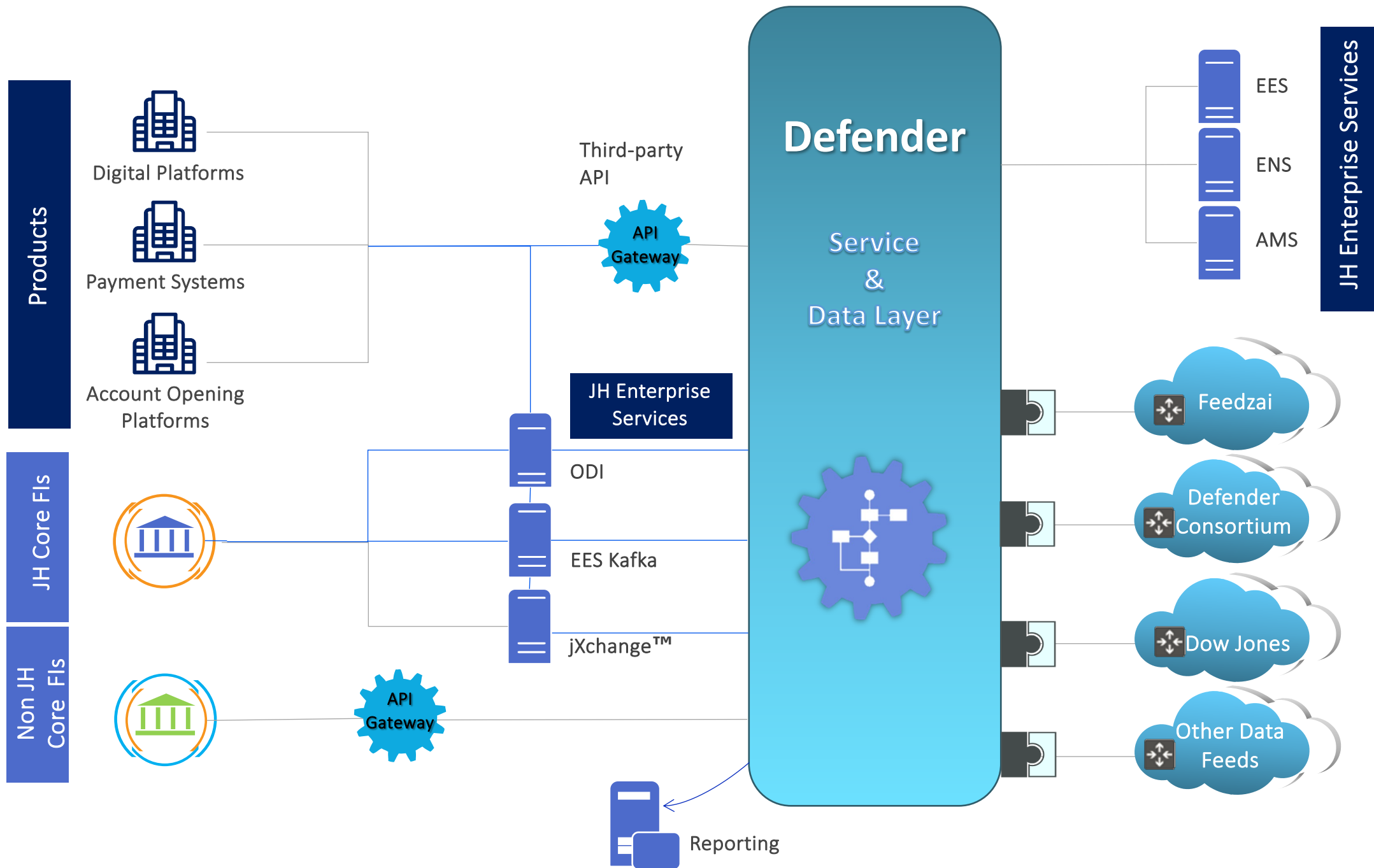
**INTEGRATION**

## Third-Party Integrations

- Feedzai
- Open API – [jackhenry.dev](https://jackhenry.dev)

• **The Defender Platform**








- **Defender Modules**
- **Defender Enterprise**
  - Includes Defender BSA, Defender Fraud, and one Defender real-time payment channel
- **Defender BSA Only**
- **Defender Fraud Only**
  - Includes one real-time payments channel
- **Defender Real-Time Payments Modules**
  - Defender Real-time Payments – Zelle®
  - Defender Real-time Payments – TCH RTP®
  - Defender Real-time Payments – FedNow®



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# **2024 Symitar® Compliance Enhancements**



- **Standardize Re-Amortization of Non-Credit Card Loans with Active Promos**
- **Modified the logic for determining whether a promotional rate applies to a new balance after an add-on**
  - Ensures that the re-amortized payment calculated for a loan with a value in the **Payment Calc Type** field is the same as the payment that is calculated by the Loan File Maintenance Processing batch program

- **Provide New Field Options for HMDA Reporting**

**For 2024 reporting, new options are available for:**

- **Automated Underwriting 1–5** fields in Application record
  - **(7) Internal Proprietary System**
- **Applicant Scoring Model** field in Application Person record
  - **(11) FICO Score 9**
  - **(12) FICO Score 8**
  - **(13) FICO Score 10**
  - **(14) FICO Score 10T**
  - **(15) Vantage Score 4.0**

Continue to use the corresponding **Other** fields until Release 2024.00 is loaded.

- A specfile to help you update these records to use the new options will be available on JH Marketplace

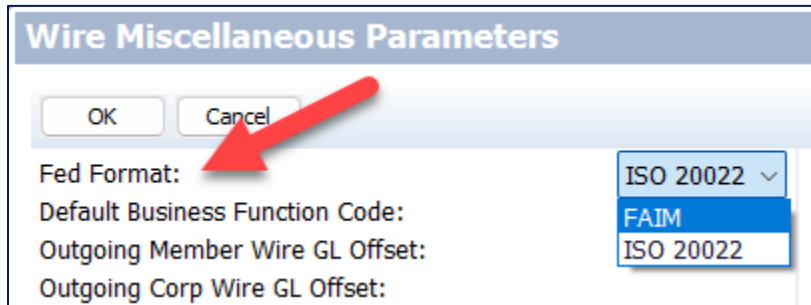
- **Minimum Payment Disclosure for Credit Card Loans Included in the Data-Only Statement for Loans that Will Never Pay Off**

Although provided on the standard and laser statement formats, the minimum payment disclosure was missing from the data-only statement file

- To correct this problem, we changed data values for two fields in the file:
  - In record 503, field 01, value of **Not Possible (for payoff)** changed from **0** to **2**
  - In record 503, field 07, value of **Months (until payoff)** changed from **0** to **2**
- Make sure to communicate this information to your statement vendor

- **ISO 20022 Wire Format, Part 2**

- Added new fields to Wire record to support the ISO 20022 format
- Added new parameter to control wire message format and processing



Wire Miscellaneous Parameters

OK Cancel

Fed Format: ISO 20022 ▼

Default Business Function Code: FAIM

Outgoing Member Wire GL Offset: ISO 20022

Outgoing Corp Wire GL Offset:

- Create updated version of *Wire* wizard, Wire Posting Batch program, reports, and standard receipts

# Update Reg E Data and Logic

What is Regulation E?

- Regulation E was established by the Federal Reserve Board
- It outlines rules for electronic funds transfer including debit cards and ACH transfers
- It is intended to protect consumers



# Update Reg E Data and Logic



## Merchant name not being displayed

- For the interfaces to CPS, Visa® DPS, and Star NE, the merchant was coming through as numeric in some instances on debit card transactions.
- Removed Data Element 98 as the source of merchant name and added Data Element 48 or 43 for source of merchant name after consulting with CPS, Visa DPS, and Star NE.



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# **Features on the Horizon**

- **Upcoming Compliance Features**

- **Secure Act 2.0**

- Catch-up contributions
    - Age limits

- **2024 IRS Yearly Updates and Changes**

- **IRA Contributions Due to Federal Disaster**

- **NAUPA**

- Format III

- **Section 1071 Dodd-Frank Act**

- SCOTUS upheld regulation so we will be providing a data collection tool to coincide with the new implementation timeline

The background is a solid dark blue. It features a graphic consisting of three large, overlapping circles of a lighter blue color. Two thin, vertical lines of the same lighter blue color run through the circles, intersecting them. The text "Industry Updates" is centered within the middle circle.

# **Industry Updates**

- **CUNA Mutual Name Change**

- CUNA Mutual Group is now TruStage™
- To support the new branding, we created copies of the following PowerOn Library specfiles:
  - **RB.CUNA.MONTHLY.EXTRACT › RB.TRUSTAGE.MONTHLY.EXTRACT**
  - **RB.CUNA.MONTHLY.EXTRACT.2006 › RB.TRUSTAGE.MONTHLY.EXTRACT.06**
  - **RB.INS.PARTICIPATION.CUNAMUTUAL › RB.INS.PARTICIPATION.TRUSTAGE**
- The CUNA-branded versions of these specfiles will be removed in Symitar Release 2025.00


**Note:** Additional brand name changes are being made to edit runs on a client-by-client basis. Credit unions that have CUNA-branded specfiles will be contacted by Jack Henry to facilitate this effort.

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# **2024 Final Rules Compliance Calendar**



# • For Clients Portal



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Symitar

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Core Solution

- CIF 20/20
- Core Director
- CruiseNet
- SilverLake System
- ▶ Symitar
  - Xperience

+ Business Intelligence & Financial Performance

+ Imaging Solutions

+ Information Security & Risk Management



+ JHA Payment Solutions



+ Online & Mobile



+ Operational Enhancement Solutions



+ Outsourcing

+ Retail Delivery

ANNOUNCEMENTS & ALERTS  
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AUDIT/EXAMINATION INFORMATION  
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[▶ Hardware Integration Program \(HIP\)](#)

- **2024 Final Rule**

**HMDA Threshold**

**01/01/2024**

**Regulation Z Threshold Adjustments**

**01/01/2024**

**Beneficial Ownership**

**01/01/2024**

**Regulation M Threshold Adjustments**

**01/01/2024**

**Regulation Z (credit cards, HOEPA, qualified mortgages)**

**01/01/2024**

**Fair Credit Reporting Act (FCRA)**

**01/01/2024**

- **2024 Final Rule**

**Appraisals for Higher-Priced Mortgage Loans  
Exemption**

**01/01/2024**

**Fair Credit Reporting Act; File Disclosure**

**01/23/2024**

**Supervisory Appeals Process**

**02/22/2024**

**Credit Card Penalty Fees**

**05/14/2024**

**Small Business Lending (Regulation B)**

**Pending**



## **Credit Card Penalty Fees**

- Scope: Issuers and affiliates with one million credit card accounts
- Lowers typical fee from \$32 to \$8
- Compliance date: May 14, 2024
- Symitar® core enhancement not required





## Small Business Lending under Regulation B

- Collect and report to the CFPB data on applications for credit for small businesses, including those that are owned by women or minorities.
- Effective: Pending
- Symitar® will use a service being developed by LoanVantage™







# **Compliance Resources**

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News Report](#)**



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## **Upcoming Compliance Town Halls**

September 18, 2024  
December 4, 2024



**Questions?**





| Jmaneno@jackhenry.com |