The Financial Institution Data Match (FIDM) Act:

Compliance for CU*BASE Credit Unions

INTRODUCTION

What is the Financial Institution Data Match Act?

It is related to the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the "Welfare Reform Act"), which provides a strengthened child support enforcement program. The FIDM is the provision that requires all States to perform a quarterly data match with financial institutions, to identify accounts belonging to parents who are delinquent in their child support obligation. When a match is identified, State child support agencies may take action on those accounts to collect past-due child support.

> *For more information on the history and provisions of this Act, visit the Office of Child Support Enforcement's web site at **www.acf.hhs.gov/programs/cse/fct/fidm/**.*

Does each State have the same procedure?

Although this is a Federal regulation, each State is responsible for administering the matching of records, and therefore the specific procedures required will vary from one State to another. You will be contacted by the appropriate State agency with all of the applicable rules and regulations for your credit union, including exchange media (tape, diskette, etc.) and timing.

So far we have seen information from only a few States for CU*BASE clients, and each has required the signing of some sort of "Data Exchange Election Form" or other agreement that specifies how, when, and where the exchange of data will occur, once each calendar quarter.

> *NOTE TO MULTIPLE-STATE AND "BORDER" COMMUNITY CREDIT UNIONS: Because regulations can vary from State to State, we recommend that you sign a separate agreement with each state in which you do business.*

Revision date: February 3, 2014

How will credit union data be matched against State records?

The Act provides for two different "match" methods: The "All Accounts" method, where your credit union would send a list of all memberships to the State, who would then use the file to match against their records; or the "Matched Accounts" method, where the State provides a complete list of all delinquent non-custodial parents and the credit union must return a list of any memberships that match the State's list.

In the interests of protecting the confidentiality of your member data, CU*Answers has created a program to comply with the "Matched Accounts" method, where data received from your State is compared to your CU*BASE database, and a list of **matching** records is compiled and returned to the State for compliance to the Act.

What actually happens each quarter?

In a nutshell, your State agency sends a file once each quarter. This file is received by an iSeries process and a routine runs that compares the file to your CU*BASE files using Social Security/Tax Identification numbers. Both primary member and joint owner names (whether members or non-members) are checked.

The process creates a separate file with all records that match, along with a report showing the contents of the file. After the report is reviewed by the credit union, the new, smaller file is returned to the State agency. The matched file must be submitted within 30-45 days of receiving the original file from the State. Member/joint owner records are not altered and there is no requirement in the Act to take any action on your accounts as a result of the matching process.

What will this process cost?

For **online credit unions**, where CU*Answers will receive the file, perform the match and return the completed file to the State for you, a fee of $125.00 will be charged for each file processed (each quarter).

For **self-processing credit unions**, there will be one-time start-up fee of $2,500 for the match program, and a maintenance fee of $42.00 a month. This covers the costs of modifying the program to match new State specifications, or any other upgrades needed to be compatible with CU*BASE files.

Testing, if required by your State, will be conducted at no additional charge to the credit union. As a test is completed for each State, we will keep complete records of test results and will make them available in lieu of a test if allowed by your State agency.

Other Important Considerations

The information CU*Answers received specified that the data format to be used in reporting matched records was standardized as the IRS Form 1099 format that existed as of 1998. It will be the credit union's responsibility to notify CU*Answers if and when new State specifications or requirements are implemented, so that programming updates can be scheduled.

Tapes will be run against CU*BASE member data **as of the day the file is processed**. In other words, this process looks at live data, not end-of-month files, for the most up-to-date information.

I've already received information from my State agency. What should I do now?

First, contact a Client Service Representative. We may request a copy of the paperwork provided to you by the State, and will discuss any particulars for your credit union. We will assist you in completing any agreement between you and your State agency, and set up any needed data exchange tests.

Once the agreement has been completed, be sure to send a copy of the final document to CU*Answers, attention Client Services, for our files.

Hints for Completing your State's Data Exchange Agreement

- **Media** - You will be asked to choose which media on which you would like to receive the file from the State each quarter. The options available will depend on the equipment used by your State agency. Because of the potential size of the file, it is important that you **receive** data on a media that is compatible with the iSeries (such as an IBM 3480 Cartridge or similar media), **not** a PC diskette or CD-ROM. You may elect to return the smaller, matched file to the State using either iSeries-compatible media or a PC-based media, depending on your situation.

  For **online credit unions**, we will assist you in choosing the most compatible media for CU*Answers' iSeries. For **self-processing credit unions**, if the exact media your system uses is not available from your State, CU*Answers will be happy to convert incoming and/or outgoing files to a format that is compatible with your specific iSeries system (normal tape conversion charges of $25 per tape will apply). Contact CU*Answers for assistance in choosing the best media for your situation, or for information about using FTP transmission methods.

- **Election Week** - You may be asked to specify a starting calendar quarter, as well as the week within each quarter when the data will be forwarded from the State. For **online credit unions**, CU*Answers will assist you in determining appropriate timing. For **self-processing credit unions**, while you may specify any timing that is convenient for you, keep in mind that the beginning quarter you choose must allow adequate time for any required testing, tape conversions, etc. Contact CU*Answers for assistance.

- **Vendor Information** - For **online credit unions**, fill in CU*Answers' name and address as follows and request that data be transmitted directly to CU*Answers as your authorized vendor:

  CU*Answers
  6000 28th Street SE
  Grand Rapids, MI 49546
  Contact: Operations, 616-285-5711, ext. 132

  Self-processing credit unions should leave all vendor information blank, so that the exchange takes place directly between your credit union and the State. (This is true even if CU*Answers will be assisting you with a tape conversion.)

PROCEDURES FOR ONLINE CREDIT UNIONS

If you have made arrangements with CU*Answers regarding handling your credit union's quarterly data match, the file will be processed within 5 business days after it is received at CU*Answers from your State agency.

After the new file has been created showing all of the matched records, the "Financial Institution Data Match (FIDM) Statement of Matched Records" report will be sent to your credit union's Data Processing Coordinator for verification:

```
1/12/05  10:34.56                    FINANCIAL INSTITUTION DATA MATCH (FIDM)           PDBGEN          PAGE   9
                                             STATEMENT OF MATCHED RECORDS

     SSN#           NAME                              BIRTHDAY      ACCT BASE TYPE      BALANCE
999449773       DOE JOHN                            1960/09/05        21729 000            56
                                                                            320         1,029
- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

999459937       SMITH EDWARD                        1974/12/24        21436 000            53
- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

999468531       JONES KATHY                         1972/06/15        22841 000             5
                                                                            110         3,250
- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

999473829       JOHNSON MATTHEW                     1973/11/13        24179 000            48
                                                                            111           136
- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

999838291       BROWN JOHN                          1957/07/11         2301 000           960
                                                                            110         2,923
                                                                            115        19,316
                                                               18892 000           102
- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

                                                188   ACCOUNTS REPORTED      143,341 **
```

Included will be all accounts where the SSN/TIN matches the state's list. Records are shown from your CU*BASE MEMBER1 (share), MEMBER2 (share draft), MEMBER3 (certificate), and MEMBER4 (tax/escrow) files only, not loans. The name shown is the one that was found to be a match, whether the primary account holder or a joint owner.

UNDERSTANDING PRIMARY MEMBER VS. JOINT OWNER MATCHES

The match process will actually look at all primary member and joint owner names and SSN/TINs.

If the primary member is a match, the file that is produced for use by your State agency will actually include a separate record for every joint owner on that member's accounts. However, to keep the report size manageable, the verification report will only show the account once, even if there were multiple joint owners reported.

For example, say member John Smith was a match, and John has three joint owners between his savings and checking accounts. Three records would be produced for the file, each with the John Smith as the "primary name" and a separate person listed as the "secondary name." However, the report will just show John Smith and his sub-accounts once.

If a joint owner is a match, the file and report will contain a single record with the joint owner's name as the "primary name" and the actual member's name as the "secondary name" in the file.

For example, say member Mary Jones has a joint owner, Dave Jones, and Dave is found as a match. The file would contain a single record showing Dave Jones as the "primary name" and Mary as the "secondary name." The report would show Dave's name and SSN but would list Mary's account number(s).

PROCEDURES FOR SELF-PROCESSING CREDIT UNIONS

STOP

These procedures should be followed only after you have contacted CU*Answers to go over the initial setup process and receive access to the FIDM processing software. The following steps assume you will be receiving and transmitting data via secure FTP.

ONE-TIME SETUP PROCEDURE

These steps set up your PC with the appropriate folders and configuration files you will need to send and receive FIDM files. This procedure needs to be done just once on each PC that will be used for FIDM processing.

1. Use Windows Explorer to create a folder **FIDM** on the C:\ drive of your PC. Within that folder create 2 more folders: **Rec** and **Snd**

2. Copy the following files (available on the Reference page of our website) into the new Rec folder:

   fidmrec.fdf
   fidmrec.dtt

3. Copy the following files into the new Snd folder:

   fidmsnd.fdf
   fidmsnd.dtt

4. In Windows Explorer, open the Rec folder and double-click on the **fidmrec.dtt** file. This will open the Client Access file transfer dialog box. Go to the box labeled *System* and use the drop-down arrow to select the correct name for your iSeries system. Save the transfer and then close it.

5. Open the Snd folder and double-click on the **fidmsnd.dtt** file. Use the drop-down arrow next to *System* to select the correct name for your iSeries system. Save the transfer and then close it.
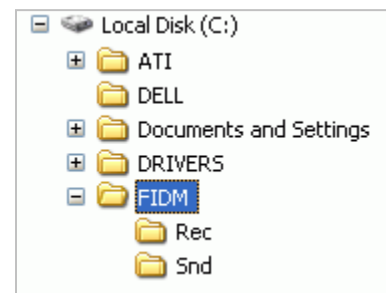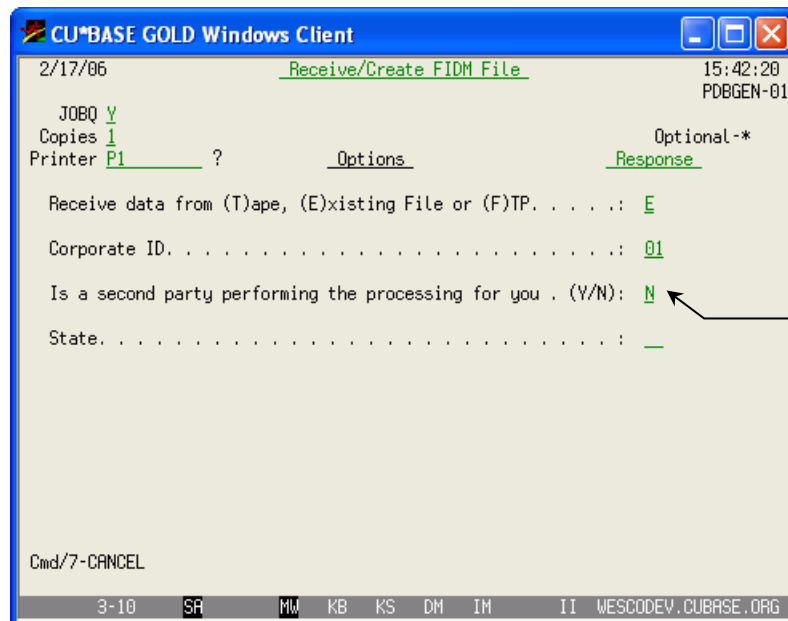
PROCESSING FIDM FILES

Use these steps to pull down the FIDM list from your state's website and process your data files against the FIDM list.

1. Access your state's web site and download the FIDM file as instructed on the website, using the following location and file name:
C:\FIDM\Rec\FIDMREC.TXT

2. In Windows Explorer, double-click on the following file to launch the Data Transfer dialog box: **C:\FIDM\Rec\fidmrec.dtt**
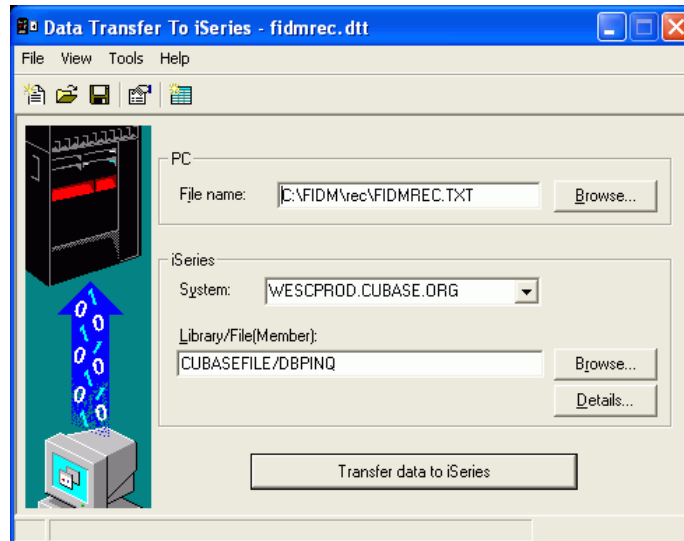
3. Click **Transfer data to iSeries** to transfer the data from the FIDM list (FIDMREC.TXT) to your iSeries (file DBPINQ in CUBASEFILE).

4. Once the transfer is complete, in CU*BASE, from the MNOP08 "On-Demand Processing" menu (OPER #7), choose "Receive/Create FIDM File."

Self processors should answer N here. This is used by CU*Answers for online clients only. (An additional screen appears for us to enter data processing vendor information.)

5. In the *Receive data* field, enter **E** for Existing file and press Enter. This step will compare the FIDM list to your member files and create the DBPRPT file in CUBASEFILE.

    The DBPRPT file will contain only the records that match between the State's file and your CU*BASE member records. The following report will be automatically created to show the contents of the new file:

```
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                                                                          110         3,250
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                                                                          111           136
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 999838291       BROWN JOHN                        1957/07/11         2301 000           960
                                                                          110         2,923
                                                                          115        19,316
                                                                    18892 000           102
 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

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RETURNING THE MATCHED FILE

When the match process is complete and the report has been verified, use the following procedure to return the file to the State.

1. Back in Windows Explorer, double-click on the following file to launch the Data Transfer dialog box: **C:\FIDM\Snd\fidmsnd.dtt**
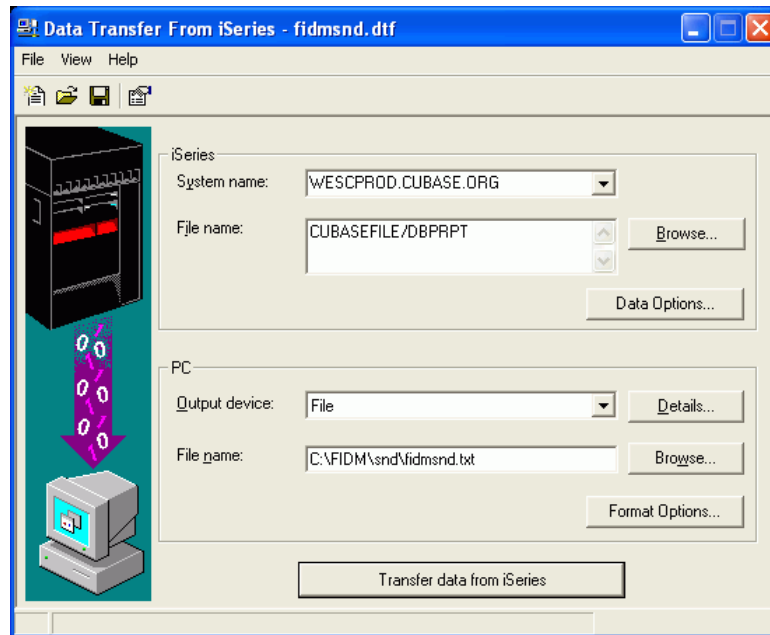
2. Click **Transfer data from iSeries** to begin transferring the data from the DBPRPT file to a text file on your PC (fidmsnd.txt) so that it can be sent back to the state.

3. Access your state's web site again and upload the following file, according to the instructions on the website:
C:\FIDM\Snd\fidmsnd.txt

CLEANING UP YOUR FILES

If desired, files DBPINQ (original file from state) and/or DBPRPT (matched file) can be deleted from your FILExx library at any time. However, they will automatically be replaced when the next quarterly tape is processed.

AUDIT TRACKER

When FIDM Monitoring is run and a match is found, the member, receives a conversation appended to his or her AT Tracker with the Memo Type F1. The message on this conversation reads, "Member or Joint Owner matched record on FIDM report on mm/dd/yyyy for account base 000000000."

REVIEWING A TRACKER AT A LATER DATE

1. Later if you want to review a member's account you simply review his or her Audit Tracker. You can access member trackers through Inquiry or Phone Inquiry. Select the member's base account and use *Tracker Review* (F21) to view the Member Tracker Review.

Member Inquiry - Use "Tracker Review" (F21)

2. Here you will view a list of the member's Trackers (they might have a Collections (XX) or Sales (ST) Trackers as well) and you will see the Audit Tracker in the list. Select to view this Tracker to view the Audit Tracker Conversations.

Member Tracker Review (1)

3. Once you select to view the Audit Tracker, you will see a conversation about the activity on the account. Here we see a record of the FIDM scan.

Member Tracker Review (2)