SUBJECT CHANGES TO EWB PROCESSING FOR ATM/DEBIT/CREDIT CARDS

Over the past several weeks we have been reviewing the **Early Warning Bulletin** (EWB) automation across all of our ATM, Debit, and Credit Card switches. (This programming is intended to help automate the placement of EWBs with VISA and MasterCard for hot cards that may have been subject to fraud.) When we wrote the software, we used a fairly general approach, by which we made business decisions in interpreting how the third party switch could work: this Card Status code warrants an EWB, this code does not.

The Issue

What we have discovered is that in practice, credit unions interpret the EWB rules in many different ways when placing a bulletin about a member's card. Some use the strictest interpretation of MasterCard or VISA ("We issue bulletins every time, on every hot card!"), and some use a far less intense approach ("We only issue bulletins if it is really obvious there is a fraud situation going on."). Those decisions have a big effect on how much your credit union pays for EWB services from VISA and MasterCard.

Lately, many credit unions have told us they need more control and that, rather than have CU*BASE automate the process the same way every time, they would prefer to use their administrative terminals to make these choices on a case by case basis. They want a different solution, a more tailored solution, and a verifiable solution embedded in CU*BASE. So we're going back to the drawing board.

Our First Step

Effective March 14, 2011, and until further notice, we will be turning off automated CU*BASE EWB processing for all credit unions. This includes ATM cards, debit cards, and online credit cards.

Tell your staff that whenever they change card status on CU*BASE, they will need to follow your policies about EWBs and log in to your administration terminal (our term for whatever method you use to communicate directly to your EFT vendor/s) to place any that are necessary. Remember, we are not eliminating the tool for setting card *status*, just the automated extension to place an EWB on your behalf.

The Next Step

We are working on a design that will add new configurations to give your credit union more control for when EWB automation is appropriate. There are three main goals, in keeping with the hopes of our credit unions:

1. **Make the Card Status codes on CU*BASE mirror the codes you see on your administrative terminal.**
   We are adding a new configuration so that the Card Status codes and descriptions your staff sees in CU*BASE will match the codes you are used to seeing on your admin terminal (more tailored to the switch). Every switch is unique, and our current method of using general-purpose codes for all switches is causing confusion and lack of precision about exactly what will happen at the switch.

2. **Let you make the ultimate decision about when an Early Warning Bulletin should be posted for a card.**
   We're adding new settings to the BIN configuration so CUs can set default rules for how changes to card status will result in EWBs being sent in an automated fashion from CU*BASE to the vendor. Then, on the Card Status update screens in CU*BASE, we will present the "Issue an EWB?" question to the employee according to the CU's configuration, with a two-part confirmation step—meaning that you decide *and confirm* when you want to spend the money for EWB services.

3. **Log your decisions in a file you can audit.**
    The new programs will automatically log both card status changes and EWB posting instructions to a new audit file so that you will be able to easily track and research exactly what your staff is instructing CU*BASE to do on a daily basis. This is a lot like when we added to CU*BASE the monthly credit reporting file, where you can run a report of everything sent to the bureaus. We want the same kind of verifiable data for what was sent your EFT switch for card status and EWBs.

Our goal is to give you far more control over how much money you are spending with VISA and MasterCard on EWBs and make sure that the business logic being used is based on *your* perspective and policies.

We Need to Work Together

What we also hope to discover is just how much precision and consistency there is out in the field, even among credit unions using the same vendor. If Credit Union A logs in to their admin terminal, do they always see the exact same codes that Credit Union B sees? Based on what we've learned so far, we suspect it is possible a credit union's administrative terminal might not even be in synch with all of the capabilities of the switch, and might not even process all of the codes that are possible in the switch's platform. Unfortunately, CU*Answers cannot verify that.

We're hoping that between the new configuration and allowing your CU to keep a closer eye on this activity, you will help us keep the CU*BASE codes and capabilities in synch with what you can do directly with your vendor. This will allow our 3-way partnership (you, CU*Answers, and your EFT processor) to better confirm how everyone thinks this should work.

We are well underway with our design work and expect to begin programming very soon, with a target of releasing new tools sometime this fall. Watch the Kitchen http://www.cuanswers.com/kitchen/ for more details and status updates. In the meantime, if you have any questions or want to contribute specific ideas to the design process, please contact Randy Karnes (rkarnes@cuanswers.com) or Barb Cooper (bcooper@cuanswers.com) directly.

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