FALL 2006

CU*BASE® Software Upgrade

Online Credit Unions	Self Processing Credit Unions
November 20, 2006	**December 18-19, 2006***

Yowsa, yowsa, yowsa. A big release is acomin'. Remember our handy coding system as you scan the summary:

❗ Immediate Effect

Changes automatically in place on the day the release is implemented.

🖥 Must be Activated

Your CU must make a decision either to activate it or modify configuration parameters. May require contacting a CSR.

🤝 Team Implementation

Work with CU*Answers before implementation.

Updated booklets mentioned in this summary will be available on our website no later than November 17, 2006. Updated online help ⌖, including the "What's New" summary list of all changes, will be included when you receive the release.

The Star of This Show...PIB!

PIB Personal Internet Branch *protected*

This release includes the much talked about, eagerly anticipated new layered security feature being added to CU*@HOME: the **Personal Internet Branch** (PIB) Profile!

Keep reading for more details, and watch your email over the next few weeks for additional announcements, special training events, and rollout tips.

PIB Personal Internet Branch *protected*

CU*@HOME Home Banking Enhancements

🖥 ACH Distribution Maintenance in CU*@HOME

Yes, you heard right! Let your members update their payroll distributions in home banking! Why should a member have to talk to an MSR when all he wants to do is increase the amount of his paycheck that goes into savings each week? If a member opens a new Christmas Club account on Saturday, why should she have to wait until Monday to ask someone to channel money from her paycheck into that new account? Give your members the power to take care of this themselves through CU*@HOME!

If this feature is activated, your members will be able to see all existing ACH credits that are on file for their account (no debits will be displayed). For credits that are deposited to a savings or checking account, the member can also add or remove distributions. (Credits going directly to a loan or other account where withdrawals are not allowed via home banking, such as IRAs, can be viewed but not changed.) The base ACH record (sequence 99) is protected so that the member cannot make changes to the base deposit.

> If you would like to activate ACH Distribution maintenance for your members, please contact a Client Service Representative. Self processors can activate the flag themselves by using the ARU/Home Banking Configuration command on menu MNOP09 (OPER #10, then #8).

📖 Refer to the booklet, "CU*@HOME Virtual Member Services (VMS): Configuration, Implementation, and Daily Monitoring" for details.

PIB Personal Internet Branch *protected*

⇨ **This feature is PIB-ready!** That means that you can activate ACH Distributions globally then use the power of the Personal Internet Branch (PIB) profile to control individual member access to the feature according to each member's own needs and comfort level. See the booklet, "CU*@HOME Personal Internet Branch (PIB)" for more details.

⬚ E-Alerts for Members in CU*@HOME

A long time coming, but they're finally here! Members can now choose to receive electronic alerts when account balances get to a certain level, when ACH items are posted, when loan payments are coming due, or even when a notice is printed and mailed to their home. With e-Alerts, you can now respond automatically to members who want you to...

Tell me when I have enough money in my savings account to buy a CD!	Account Balance e-Alerts
Let me know when my checking account is getting low so I can make a transfer from savings!	
Let me know when my paycheck comes in!	ACH Deposit/Withdrawal Posted e-Alerts
Tell me when deductions are made from my account via ACH!	
Remind me a week before my loan payment comes due so I can transfer funds or mail in a check!	Loan Payment Due e-Alerts
I travel a lot and don't always check my mail at home, so let me know if something is mailed so I can make sure to look for it!	Notice Mailed e-Alerts*

This is just the first step toward true e-Notices. Coming in 2007, members will be able to receive the entire notice itself electronically through the CU@HOME Secure Message Center!

Introducing the CU*@HOME Secure Message Center

As e-Alerts are generated by CU*BASE, they are sent to the new **CU*@HOME Secure Message Center**. This allows us to include account details in the message while still keeping it private and secure. The member can also elect to receive a generic email (with no account details) that lets them know an e-Alert is ready and waiting for them in CU*@HOME.

If you activate e-Alerts for your members, a new "Message Center" button will appear in CU*@HOME. This lets the member read e-Alerts that are delivered, as well as set up as many different alerts as they wish. There will also be a new CU*BASE feature available through Inquiry/Phone/Teller (click the Home Banking button) so that a credit union employee can also help members set up e-Alerts.

Once messages are read, they will be retained for 90 days. Your staff will also be able to view the e-Alert messages through Inquiry or Phone Operator.

> To activate e-Alerts for your members, use the "Home Banking VMS Configuration" feature on menu MNCNFE.

📖	Refer to the booklet, "CU*@HOME Virtual Member Services (VMS): Configuration, Implementation, and Daily Monitoring" for details.
🖱	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

🤝 Personal Internet Branch (PIB)

PIB represents a completely new way of allowing a member to control his or her own experience with your credit union. A PIB Profile is a set of security controls that define exactly how CU*@HOME will behave for each individual member. To put it another way, it is the member's way of telling CU*@HOME: "This is who I am and how I like to do things. If someone tries to access my accounts and they behave outside of those rules, it should raise a red flag to CU*@HOME: it's probably not me!" Here are some of the controls a member can choose:

- Limit access by geographic location (country, region/state, or city)
- Limit access by day of the week and time of day
- Activate/deactivate specific CU*@HOME features
- Require a secondary confirmation code for certain transactions
- Limit the $ amount for certain transactions (transfers, check withdrawals)

- Set up transfer control lists (to control inter-member transfers, if allowed)
- Use a member-defined user name instead of an account number to access CU*@HOME
- Require knowledge-based challenge questions when logging in to CU*@HOME
- Register the specific PCs that can be used to access CU*@HOME

If you decide to use PIB, your credit union can choose whether a PIB profile is required in order to use CU*@HOME home banking, or optional based on the member's individual wishes and sensitivity to both risk and the potential inconvenience of stiffer controls.

> Although PIB can technically be activated by just changing a few flags in CU*BASE, to say it will have a huge impact on your members and your member service staff is an understatement. Suffice it to say that your call volume will increase *significantly* after implementation as members begin to learn and experiment. **You need a comprehensive plan and rollout strategy.**
>
> Join us for the training and rollout planning events. Enter into this new arena with your eyes wide open and a thorough understanding of how this might change the way you serve members more than anything else your credit union has ever done in the past.

NOTE: Down the road we're even thinking of expanding the PIB to include controls beyond CU*@HOME. Imagine if a member could use his PIB profile to add security controls for debit or credit card purchases!

📖	Refer to the booklet, "CU*@HOME Personal Internet Branch (PIB)" for details.

Strong Password Enforcement for CU*@HOME

As a companion to the PIB project, we have added a new control that allows your credit union to force members to follow strong password rules when they change their CU*@HOME password. Strong password rules require that passwords contain at least one lowercase letter, one uppercase letter, one number, and one special character. (Remember that you can already set a minimum length for home banking passwords.)

You can activate this as part of rolling out PIB or at any time (online CUs contact a CSR; self processors use the ARU/Home Banking Configuration command on menu MNOP09). A password change will not be forced on existing members, but the next time they change their password the rules will apply.

> Are you still using the same PIN for Audio Response and Home Banking? **If you want to implement PIB, you must have separate PINs for these two systems.** But don't wait until you turn on PIB—*now* is the time to introduce both the CU*@HOME Expanded PIN and strong password enforcement changes to your members.

❗ Confirmation for Check Withdrawals
Similar to the confirmation screen we added to regular transfers a while back, members requesting a check withdrawal in CU*@HOME will now be required to answer one additional confirmation message before the withdrawal is posted and the check generated in CU*BASE.

CU*BASE Enhancements

ANR Notices and Negative Balance Aging Configuration

A terrific new addition to your Courtesy Pay program! We have added a new configuration and series of notice events specifically designed for credit unions using the CU*BASE Automated Non-Returns (ANR) system. Once you set up your configuration, notice events will be generated automatically each day according to how long a member's checking account has been at a negative balance, similar to delinquency notices. You can even have the system create an account comment at the same time!

📖	Refer to the booklet, "Automated Non-Returns" for details.

Bank Secrecy Configuration

Bank Secrecy monitoring should include in-house drafts! BSA should NOT include in-house drafts! I want BSA to include checks! I don't want to see checks on my BSA reports! Okay, we surrender! How about we give you a configuration so you can do BSA the way YOU want?

Now you can configure exactly what type of transactions appear on the BSA report and Inquiry tools, including more transactions types than ever before: anything that has an audit key can be included or excluded (and we've added new audit keys for cash in and cash back!). Plus, you can now specify how the tolerance amount is calculated: combining funds in and funds out, or looking at each total separately.

> *For example, if a member brings in cash of $6,000 and takes out cash of $7,000, the aggregate could be either $13,000 (if combined), or $6,000 in and $7,000 out. One method would flag this for a CTR; the other would not. Now it's up to you to decide how it should work.*

In addition, the new Teller Receipt database that can be used to reprint teller receipts (described below) should also make it easier for your internal auditor to verify teller activity for SARs requirements.

📖 Refer to the booklet, "Bank Secrecy Act Monitoring Tools" for details.

Know Your Member New Feature: Track Products and Services

Have you ever wondered whether members who open accounts at your main branch are improving when it comes to products per member (PPM) and services per member (SPM) over time? What is the average PPM during the first month of membership for one branch versus another? Or for one employee versus another? Over time, are these key measurements trending the right way? If one branch tends to have more SPM for new memberships than another branch, might your branch managers have something they could learn from each other?

This new tool in the "Know Your Member" suite displays the average PPM and SPM figures from your Tiered Services scoring files. What could tracking PPM and SPM over time mean to *your* organization?

📖 Refer to the booklet, "Knowing Your Members: CU*BASE Relationship Management Tools " for details.

Know the Industry

Sometimes we all feel a bit isolated from the rest of the world. Our problems and opportunities, we believe, are unique. Sometimes too unique. "Know the Industry" is a CU*Answers initiative to try to connect your credit union and your staff with the rest of the credit union industry. It is intended to encourage credit unions to look at the big picture, connect with their peers, and use industry knowledge to improve how we think about internal operations.

If just one employee stops thinking about their job as "just a job" and starts to aspire to have a career in the credit union industry, then it's worth your time to encourage your team to get to know the industry.

- From **a new menu in CU*BASE, MNMGMB**, you can jump directly to an online industry directory, industry search engine, vendor directory, list of available online educational seminars, and more.

- From **www.cuanswers.com/industry**, you can access recent news, opinion articles, and discussions about current industry initiatives.

Don't forget the **CU*Answers Ownership Community** *(http://community.cuanswers.com) where you can use the CEO Forum or CU*Expert Forum to connect directly to your peers through an online bulletin board!*

📖 Refer to the "Know the Industry" flyer for details.

Loan Product Enhancements

❗ Rate Management Made Easy

Your life just got a whole lot easier! CU*BASE Loan Product configuration is really flexible, allowing for many different rate variations within the same loan product. But until now that has created a real headache when it comes time to change rates. No more!

Now each loan product will be configured with just a single rate, and all other rates needed by that product will be defined as a variation, either up or down, from that base rate. Change one rate and, voila! All other rates for the product are changed automatically (even the risk-based pricing matrix!).

We've also added some great new features to the Loan Rate Management (MNMGMT #2) and Loan Rate Inquiry features, so that you can truly use the online quote sheet for all your loan products. You can easily see the calculated offered rate on all products, filter by loan category, or show only the products offered through home banking.

| 🖱 | Details for all related screens will be available via CU*BASE GOLD Online Help with the release. |

📋 "Mini-Contract" Variable Rates

As the name implies, this is a new style of loan variable rates for those times when a group variable rate code isn't *quite* right, but contract variable rates are little *too* flexible and complex. You need something in between, sort of the best of both worlds: a "mini-contract" variable rate.

This feature lets you configure a group variable rate code that for the most part behaves exactly like other group codes, with some very important differences:

- **Introductory rates** can be set up to allow the loan to stay at its original rate for a set period of time; changes to the variable rate code won't take effect for that loan until a defined starting point.

- **Rate change caps** can be set up to limit the member's exposure to large rate changes. You can define a per-change cap, an annual change cap, and a lifetime change cap, for each individual loan.

Mini-contracts are accomplished through a new "Update by Loan Term" feature on the standard Group Variable Rate Code configuration. This allows you to change rates for a batch of loans at the same time, like other group variable rates, while still maintaining a mixture of member terms and giving maximum flexibility for negotiating the loan with the member (risk-based pricing, special loan terms, etc.).

For example, you might set lower caps on your A-grade paper than on your D-grade paper, or negotiate an original rate with a bigger deviation from the original index, such as Prime+2% for A-grade paper, Prime+6% for D-grade paper, etc.—all without having to manage many different group variable rate codes.

> Our special thanks to Affinity Group CU for driving this new feature to become a standard part of the CU*BASE loan product tool set and for acting as the key beta-test site during the testing phase of the project.

| 📖 | Refer to the booklet, "Variable Rate Loan Products" for details. |

❗ Payment Change History (Phase 1)

This is the first part of a 2-phase project to change the way CU*BASE handles delinquency on loans where the payment amount changes over time. This first phase introduces a new file that will store a **history of payment changes** on all loan accounts.

Any time a loan's regular payment amount is changed, the system will write out a history record that displays the date changed, the new payment, a reason for the change, the employee ID when appropriate, and the balance, rate, and term of the loan at the point when the change was made. (A record is also written when a new loan is created.)

You will then be able to use a new Payment Change History inquiry feature (available through a new command key on Loan Account Inquiry and Account Update screens) to research changes to the member's payment over time. This will be useful when handling special payment situations for delinquent loans, especially for HELOCs and other products that experience frequent changes to the payment amount.

Phase 2 will include changes to the programs that calculate delinquency and advance payment due dates. Instead of taking today's payment amount and multiplying it by the number of months delinquent, the system will use the new history file to determine the correct past due amount, and will advance the due date correctly based on which payments are being caught up. In order for these changes to work, however, there need to be some history records on file. That's why the project is being released on two phases. Look for Phase 2 to be released during Spring 2006.

✆	Details for all related screens will be available via CU*BASE GOLD Online Help with the release.

Contract Variable Rate Enhancement

A new flag has been added to the Variable Rate Loan Contract Info screen so that you can specify, for each individual loan contract, if the payment should be recalculated only if there is a rate change.

📖	Refer to the booklet, "Variable Rate Loan Products" for details.

Member in Good Standing Enhancements

Separate Controls for Delinquent vs. Negative Balance

The Member in Good Standing Configuration now has two separate controls for members with negative balance accounts and members with delinquent loans. (Previously they were combined into a single flag.) This lets you configure separate hold groups with different settings depending on whether the member has a delinquent loan or just a negative balance (such as if your credit union offers Courtesy Pay and does not want to penalize members who use that service).

Member vs. Household Score

There is now another new feature in the Member in Good Standing configuration, for credit unions that assign hold groups based on Tiered Service scores. If your credit union grants Tiered Service scores based on the highest-earning member of a household, currently the Member in Good Standing system uses that score, not the score actually earned by that member's own activity.

With this change, you can either set up your Member in Good Standing configuration to use the member's actual score, or continue using the household score as it works now (this is the default if you do not change anything).

📖	Refer to the booklet, "Electronic Deposit Holds and 'Member in Good Standing' Configuration" for details.
✆	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

❗ Teller Receipt Reprint
It's finally here! Now you can reprint any teller receipt or view the receipt information online. No, this isn't the electronic copy of the signed receipt (that's coming later as we integrate Reed Data e-receipts into CU*BASE). Instead, it is a live database that retains 90 days worth of teller receipt history online for inquiry or reprint at any time.

This new feature, which applies to *teller* receipts only, is made possible by the creation of a new teller receipt database and the addition of several new audit keys:

Teller Receipt Database and New Audit Keys

One of the main reasons why teller receipts could not be reprinted before was that after the receipt was posted, CU*BASE no longer had any record of certain parts of the transaction, including cash in, cash out, funds forwarded, and the like.

To solve that problem and make it possible to reprint teller receipts, we have added a number of new audit keys that will record all of the various pieces of the transaction puzzle. **That's right—there is now an audit key for cash in and cash back**, as well as for other things such as funds forwarded/carried forward, teller transfers, money orders and corporate checks (and their related fees), and delinquency fines posted through the teller system.

These audit keys are used only for the purpose of reprinting receipts or handling the needs of the Bank Secrecy monitoring tools (described above), not for balancing the teller drawer. They cannot be deleted nor changed the way existing audit keys can, and will not be affected by reversals. But they will come in handy as you research teller drawer issues in the Teller Drawer Audit feature.

In addition to the new audit keys, we are also storing a new **receipt ID** as part of the transaction records, so that we can correlate all parts of the transaction to each other. This ID will appear on the printed receipt, making it easy to locate that matching receipt online if you need to, or to view all parts of a particular receipt at the same time.

> Teller Receipt IDs will make research easier, but their main purpose is to set the foundation for future "Secret Shopper" surveys via CU*@HOME and CU*TALK that tie a member's experience with the credit union directly to a particular set of transactions performed at the teller line. Watch for more information coming in 2007!

Teller receipts can be reprinted from the Teller Drawer Audit screen, as well as from the Transaction History screen in Member Inquiry or the Phone History screen. Reprinted receipts will be clearly marked as "reprinted" to differentiate them from the original receipt. Receipt data will be stored online for 90 days.

> WARNING: This change will undoubtedly be a welcome one to your tellers and auditors, but also be aware that the changes behind the scenes to make all of this happen required us to touch *all* programs that handle teller posting and balancing activity. Pay close attention when the release goes in and report any unusual behavior in the teller system to us immediately!

Changes to Teller Drawer Audit

The Teller Drawer Audit screen will now display all parts of a transaction that make up the receipt, including the new audit keys mentioned above, and this screen can be used to reprint a receipt. Because receipt data will be stored for 90 days, you can now use this screen to look at activity for any date in the past 90 days, and even for a range of previous dates (should make SARs research a little easier!).

🖰	Details for all related screens will be available via CU*BASE GOLD Online Help with the release.

ⓘ Tiered Services Enhancements

"Drill Down" on Member Counts Some great new features have been added to the Tiered Services Monthly Comparison tool (MNMRKT #25). For any of the counts displayed for the current month, you can "drill down" and see how the members break out by age, gender, and aggregate loan/savings balances.

Then you can actually look at who those members are. And with the click of a button, you can reach out to those members *right now*—send them a quick email or a CU*@HOME message, or export the file for further analysis. Another ASAP tool that allows you to Ask a question, See the answer, Act on the results, and Profit from the action.

New Features for Forecasting Tiered Scores

The Tiered Services Simulated Scoring (forecast) feature is now much more flexible to help you forecast the results of changes to your Tiered Services configuration. Instead of two separate commands that behave differently, there is a single Tiered Services Forecast feature (still available from both MNMGMT and MNMRKT) that will allow you to define the score ranges any way you wish. **You can enter temporary new point values and forecast the resulting change** to member scores. The forecast tool will also use month-end files for a more accurate and meaningful forecast.

Report Enhancements

Both the forecast and regular monthly scoring reports have been modified to make them easier to read and analyze. We've also made corrections so that the scoring reports will calculate correctly for credit unions using the Household Scoring method.

Schedule Scoring Changes for a Future Month

There is now a new feature in Tiered Service Configuration (MNCNFD #1) that allows you to specify the month and year when changes made to your points configuration will take place. That way you can work on the new point values at any time, but they won't take place until just before scoring is done on the 1st of the designated month (after end-of-day, before beginning-of-day).

	All changes will be described in detail in the booklet, "Tiered Service Levels - Implementation Guide."

ⓘ Other Miscellaneous Enhancements

- **Masking Account Numbers on Member-to-Member Transfers** - A great new security feature to guard member privacy! Now when a member transfers funds to another membership, both member statements and CU*@HOME account history will show the *name* on the transfer to/from account, but not the account number. When John transfers money to his daughter Sally, Sally will see that the transfer came from dad, but she won't see dad's account number. Likewise, John will see that the money went to Sally but won't see Sally's account number. Of course your staff will still be able to see the actual account number in CU*BASE.
  NOTE: When printing the Transaction History report (MNSERV #9), if you use the Narrow format, names will be printed instead of account numbers for transfer transactions. But the Full format report will still include the transfer account numbers for credit union use.

- **Security Feature for Mailing Checks** - Currently when you mail a check using a standard #10 window envelope, one look at the envelope makes it pretty obvious that a check is inside. To help prevent mail fraud and protect member privacy, we will now print the mailing name/address on the middle portion of the check stub so that it will fit into the same #10 envelope. Fold the check properly and what shows in the window will look just like plain paper.

- **Access to Update Account Nicknames from Phone Operator** - A new Action Code (N=Nickname) has been added to the main Phone Operator screen so that you can change an account nickname while working with a member over the phone.

- **New Beginning- and End-of-Day Processing Date Controls -** This is a behind-the-scenes change that will be especially exciting for our self processing credit unions. In a nutshell, we have created a new way to designate the processing date that is used during the nightly process. Instead of having to actually change the date on the iSeries system, the date will be specified separately and all programs that record a date will use that date instead of the system date. (Note to Self Processors: You will receive complete instructions on how this works when you receive your release tape.)

  > Although this affects online credit unions behind the scenes only, since the processing date is so critical to so many processes (EOD, BOD, ACH, ATM, share draft postings, and on and on), we wanted everyone to be aware of what will be happening!

As usual, other minor enhancements and miscellaneous fixes will be noted in the online help "What's New" topic when the release is implemented.