

ANNOUNCEMENT TO **Online and Self Processing Credit Unions**



ATTENTION **Credit Union CEO/Manager
EFT Coordinator**

DATE **February 16, 2018**

ANNOUNCEMENT

SUBJECT **FIRST-EVER CHARGE FOR AN EFT MANDATE!**

For the first time ever, CU*Answers plans to **charge you** for an **EFT mandate!**

You may have heard from your EFT provider about a new mandate referred to as the **Visa Account Updater (VAU)** and Mastercard's **Automatic Billing Updater (ABU)**. This mandate allows merchants to automatically update their customers' stored card details. In other words, when a new card is created to replace an old one, that information is passed to the merchants as well.

After postponement of the original mandate deadline, the changes are now set to take effect during 2018, with more stringent requirements to begin in 2019. (*Please consult your EFT provider for more details.*) In short, they are now planning to put significant teeth (\$ penalties) into this mandate.

EFT Mandates and CUSO Investments

As you know, historically the CU*Answers CUSO has invested in the cost of complying with EFT mandates as part of our cooperative structure. Projects vary widely, but usually involve some amount of research, programming, QC testing, and in most cases, one or more certification contacts with the EFT vendor. In most cases vendors charge a fee for certification, and some vendors require us to certify separately for every individual credit union, even if they all will be using the same software. Over the past three years we have completed nearly 50 different mandate projects, with none of the development or certification costs being passed directly on to our credit unions.

But we are approaching a tipping point. At the 2017 Leadership Conference, our CFO announced a project to significantly decrease our EFT processing fees over the next three years. So as we look at mandates going forward, there will be less transaction revenue available for mandate projects like this.

What's Different This Time

After examining the requirements in detail, our teams estimate that this project will require a significant amount of effort for programming and testing. The scope of the project is broader and has a larger ripple effect than many mandates, and there is very little consistency as far as how each vendor is choosing to handle the changes. For example, some vendors will allow for an opt in/out mechanism, others will not, so we have to create a configuration structure to manage everyone's EFT vendor choice.

Therefore, for the first time ever we are planning **to pass along a portion of the costs for complying with this mandate to all credit unions**. The project entails both programming costs for changing CU*BASE software to comply with the mandate, as well as related vendor certification fees, which are unique by EFT vendor. Changes do affect our core EFT processing modules and therefore will affect every client.

A Shared Investment

The CU*Answers Board of Directors met in January and reviewed estimated project costs, then voted to share the investment 60/40: **CU*Answers will cover 60% of the development and certification costs, and 40% of the costs will be passed directly on to credit unions as a shared investment.**

We have calculated the cost for the development, testing, and certification to be **a total of \$192,225**, with 40% to be split evenly among **all credit unions**. Therefore all of the 165 credit unions that process

via our EFT modules will pay a total of just **\$466 each**. Your portion will be invoiced at the start of the project, in your March invoice. CU*Answers will cover the balance of the development, including absorbing any potential increases in hourly costs if required by adjustments to vendor certification requirements along the way.

How You Can Stay Informed

We are creating a new page in the Kitchen where we will post details as we learn them, including a list of EFT vendors and the expected certifications and other requirements. We'll also keep in touch with status updates and news as the project progresses.

https://www.cuanswers.com/resources/kitchen/eftmandate_vau-abu/

What You Should Do Now

Contact your EFT vendor and ask what your credit union needs to do in anticipation of the VAU/ABU mandate. Each vendor is unique, so it's important that you understand how your vendor is planning to respond, and what changes you and your members might see.

Then pass along what you learn to us! Don't assume we know what your vendor expects us to do. We often struggle to get vendors to communicate directly with us, as they expect their clients to intervene with their core processor.

Also, like you, our staff is wondering how this will affect them as consumers. So we're asking that everyone start their documentation and how to sell these changes to a member as we start the software changes.

Contact the SettleMINT EFT team at SettleMINT@cuanswers.com.

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CONTACT **SettleMINT** • SettleMINT@cuanswers.com • 800-327-3478 • 616-285-5711

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