



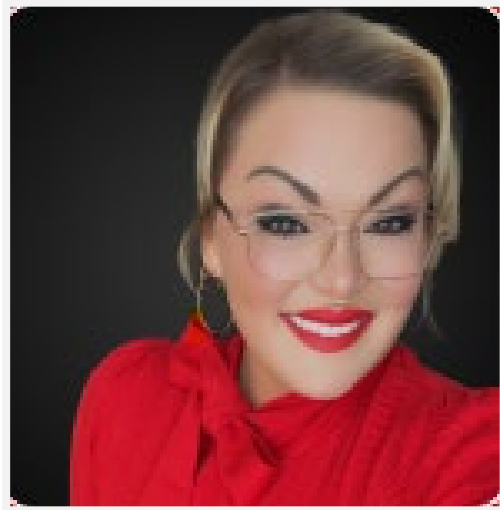
Centralized Solutions for Good Governance

# **Compliance Roundtable: *Industry Trends for Small Credit Unions***

Cooperative Credit Union Association  
2026



# Meet the Speaker



Crystal Streeper  
Director of League Services



# Disclaimer

*Information provided in this presentation, including all materials, should not be construed as legal services, legal advice, or in any way establishing an attorney-client relationship. Credit unions should contact their own legal counsel for advice. Information may have changed since this presentation was prepared. This information is intended to only be a summary and is not all inclusive.*



**ViClarity**

Centralized Solutions for Good Governance

# The Landscape

# The Credit Union Landscape



## Continued Growth With Heightened Scrutiny

Regulatory expectations are increasing to match growth and complexity. Growth means more products, more risk, and a stronger need for formal compliance infrastructure.



## Resource Constraints Are Still Real

Limited budgets and manual processes. Lean staff with little to no dedicated compliance experts.



## Regulatory Expectations Are Evolving

Inspection of *end-to-end processes* and internal controls focused on big picture outcomes.



## Living Framework Compliance

Policies, procedures, monitoring, and evidence collection must be updated *as your operation changes*.



## Maturing Board Expectations

Regulators looking at credit union board oversight focusing on top risks at the institutional level.

# Making Your Compliance Management System Work for You

- **Proactive vs Reactive Compliance**

- Many small credit unions treat compliance as a “checklist” task rather than an operational strategy. An effective CMS turns compliance into risk-driven actions.

- **Documentation Matters**

- Examiners look for integrated documentation that shows what you did, when you did it, and what corrective steps were taken — not just PDFs of policies.

- **Automation Helps**

- Manual systems increase risk; embedding workflows ensures consistent evidence collection and visibility.

# Does Your CMS Ask This?

- **How do we identify risk?**
- **How do we monitor risk?**
- **How do we ensure accountability and ownership?**
- **How do we correct issues?**
- **How do we prevent issues before they occur?**
- **How do we report to leadership?**

# Practical Implementation

**Step 1: Create a CMS Calendar**

**Step 2: Assign Ownership**

**Step 3: Document Evidence**

**Step 4: Link Everything Together**

**Risk Assessment → Drives Monitoring**

**Monitoring → Drives Corrective Actions**

**Corrective Actions → Reported to Board**

**Board Oversight → Adjusts Risk Tolerance**

# Common Small Credit Union CMS Pitfalls

- **Outdated risk assessments**
- **Monitoring done but not documented**
- **Corrective actions not tracked to completion**
- **Policies updated but no staff training completed**
- **No centralized documentation**

# What Examiners are Really Looking For

Is compliance embedded in the culture, or isolated in a role?

- A structured compliance program
- Evidence of ongoing monitoring
- Issue identification before examiners find it
- Clear corrective action tracking
- Board-level awareness

# Supervisory Priorities

*What's Driving 2026 Exams*

# Rising Credit Risk

- Increasing delinquency and charge-offs across consumer portfolios
- Economic pressures impacting borrower repayment

## Regulatory Impact

- Greater scrutiny on underwriting standards and loan monitoring

## What Credit Unions Should Do

- Monitor portfolio concentrations
- Stress test loan portfolios
- Document credit risk management practices

# Fraud Threats

- **Increasing fraud targeting digital channels and payment platforms**

## **Regulatory Impact**

- **Expanded focus on fraud monitoring and cybersecurity controls**

## **What Credit Unions Should Do**

- **Strengthen fraud detection systems**
- **Conduct cybersecurity testing**
- **Train staff on emerging fraud schemes**

# BSA / AML Expectations

- Continued implementation of the AML Act of 2020 and FinCEN priorities

## Regulatory Impact

- Exams focusing on risk-based AML programs and SAR effectiveness

## What Credit Unions Should Do

- Update BSA risk assessments
- Validate transaction monitoring thresholds
- Ensure documentation of SAR decision processes

# Deregulation Addressed

## Key Themes:

- Regulatory simplification
- Reducing outdated rules
- Supporting innovation and technology
- Improving examination efficiency

# GENIUS Act

- **NCUA is evaluating potential risks and supervisory standards for credit union involvement**
- **February 11: NCUA released GENIUS licensure standards, outlining how credit unions may participate in the stablecoin ecosystem**

## **Key Risks the NCUA Is Evaluating:**

- **Operational and technology risk**
- **Liquidity and reserve backing of stablecoins**
- **Third-party/vendor risk**
- **Consumer protection and fraud risk**
- **Compliance with BSA/AML requirements**

# What Credit Unions Should Do Now

- **Continue maintaining strong compliance programs**
- **Document risk-based decision making**
- **Monitor regulatory changes and guidance updates**
- **Prepare for changes in rules or supervisory expectations**

# Use Your Risk Assessment as a Tool

# Driving Decisions

- **Prioritizes work based on risk severity and likelihood**
- **Aligns exam expectations with operational risk**
- **Supports resource allocation**

# Event Driven Decisions

- **New product or services introduced**
- **New delivery channel is launched**
- **Merger or expansion occurs**
- **Significant fraud event occurs**
- **Regulatory changes impact operations**
- **New vendor relationship is implemented**

# Risk Score: Inherent Factors

- **Transaction volume**
- **Complexity of products**
- **Delivery channels**
- **Member demographics**
- **Geographic exposure**
- **Regulatory scrutiny**

# Risk Score: Residual Risk

<b>Risk Area</b>	<b>Inherent Risk</b>	<b>Control Strength</b>	<b>Residual Risk</b>
<b>BSA/AML</b>	High	Strong	Moderate
<b>Wire Transfers</b>	High	Moderate	High
<b>Advertising Compliance</b>	Moderate	Strong	Low

# Real Life Example: Increased ACH Fraud Risk

## Identified Risk

- ACH fraud
- Unauthorized transactions
- Account takeover

## Inherent Risk Rating

- High

## Existing Controls

- Daily ACH exception reports
- Fraud monitoring alerts

## Potential Control Gaps

- Limited transaction review staffing
- No secondary approval for large transactions

## Mitigation Strategy Implementations

- Dual-review procedures for high-dollar ACH transactions
- Automated alerts for unusual transaction patterns
- Enhanced member authentication procedures
- Staff training on fraud indicators

## Residual Risk

- Reduced from High to Moderate

## Monitoring

- Quarterly fraud monitoring review added to compliance calendar

# Practical Implementation for Credit Unions

## Assign Risk Owners

- Each major risk area should have an assigned owner.

## Connect the CRA to Your Monitoring Plan

- The risk assessment should drive monitoring frequency.

## Use the CRA to Inform Board Reporting

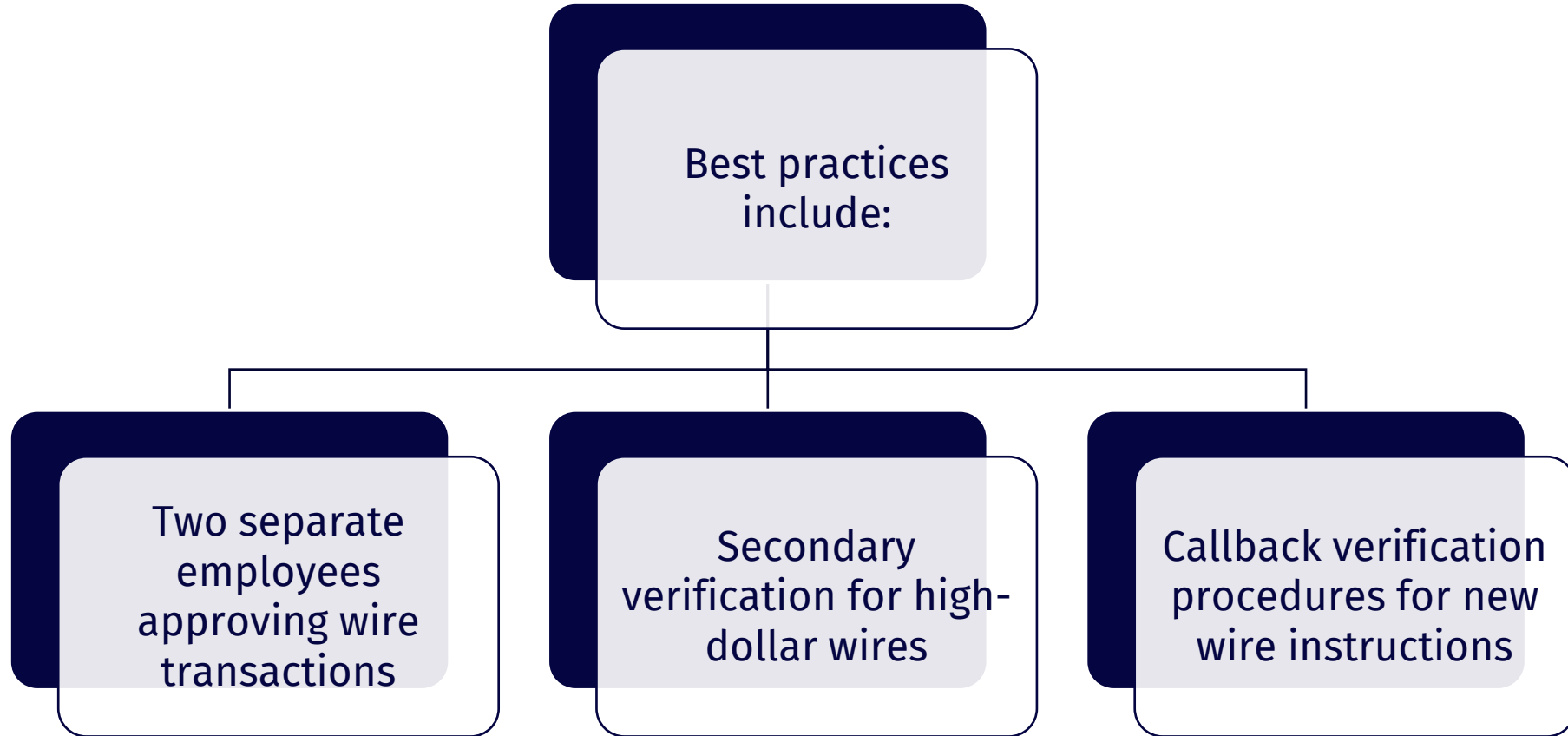
- Your risk assessment should help shape the compliance report to the board. This helps the board understand where the institution faces the greatest exposure.

# Wire & EFT Fraud

# Common Fraud Schemes

- **Business Email Compromise (BEC) where fraudsters impersonate business members requesting urgent wires**
- **Account takeover fraud through phishing or malware**
- **Social engineering where fraudsters manipulate staff or members into initiating transfers**
- **Elder financial exploitation**
- **ACH origination fraud through compromised credentials**

# Dual Authorization for Outbound Wires



# Positive Pay & ACH Filters

Automated fraud detection tools can reduce exposure.

- **Positive Pay:**
  - Verifying checks presented against issued check files
- **ACH Filters:**
  - Blocking unauthorized ACH debits
- **ACH Blocks:**
  - Preventing any ACH activity on certain accounts

# Daily Reconciliation

- **Reviewing wire logs**
- **Reconciling ACH activity**
- **Identifying unusual transaction patterns**
- **Reviewing exception reports**

# Member Education

- **Sending fraud awareness alerts**
- **Providing business account security guidance**
- **Educating members about phishing and impersonation scams**
- **Encouraging use of ACH blocks or filters**

# Monitoring & Reporting

## Track unusual transactions:

- Unusual wire activity
- Failed authentication attempts
- Repeated password resets
- ACH anomalies

## Logs should include:

- Date
- Transaction details
- Investigation steps
- Resolution

# Incident Response Process

## Documented Fraud Response Procedure:

- **Who is responsible for investigation**
- **When law enforcement should be contacted**
- **When regulatory reporting may be required**
- **Communication with affected members**

# Regulatory Reporting

## Reporting Obligations:

- **Suspicious Activity Reports (SARs)**
- **Reg E error resolution processes**
- **Law enforcement coordination**
- **Insurance reporting**

# Examiner Focus

## May Review:

- **Wire transaction samples**
- **Exception report documentation**
- **Fraud incident reports**
- **Staff training records**
- **Member complaint records related to fraud**

# **AI & BSA Monitoring**

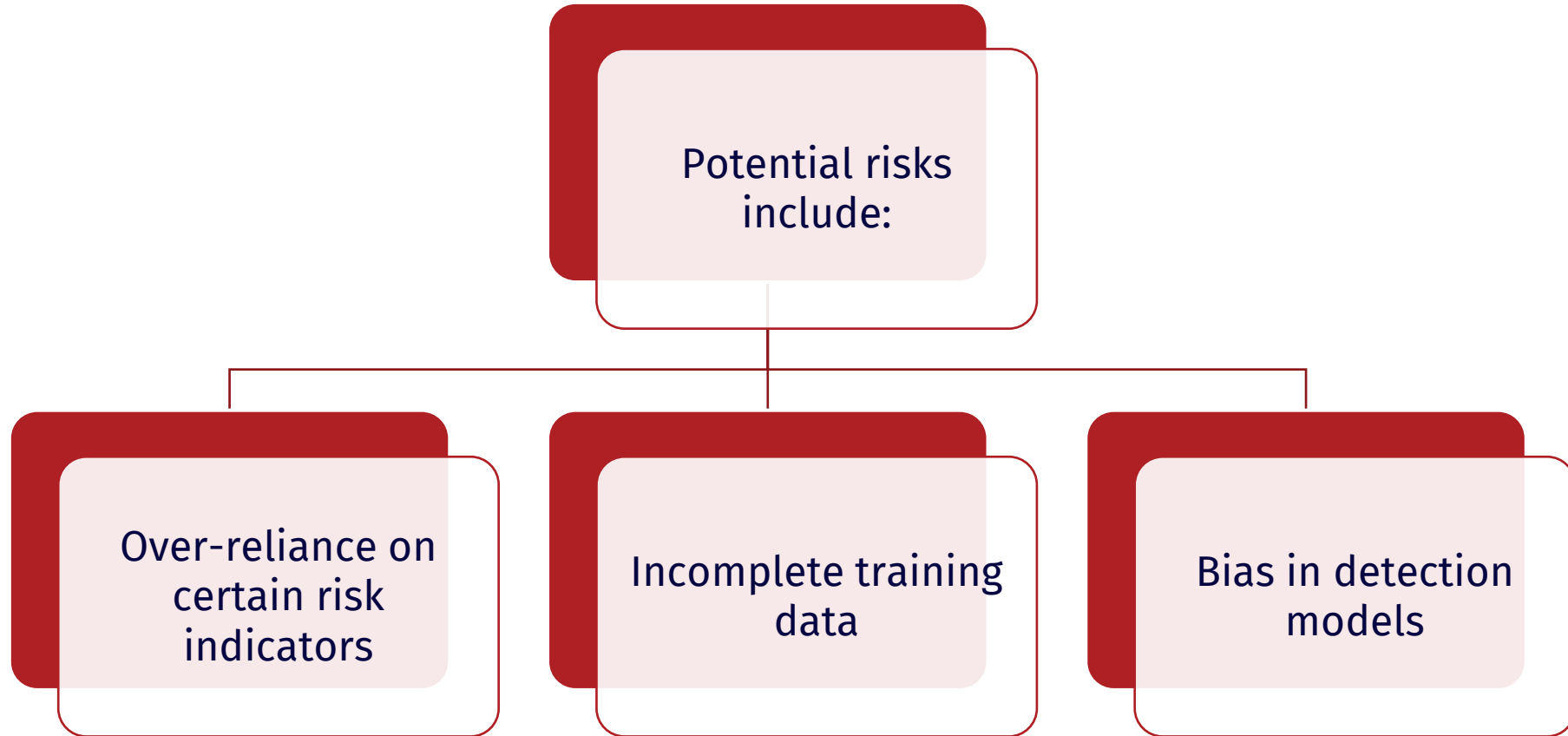
*Risk Considerations*

# Data Quality

**Poor data quality can lead to:**

- **Missed suspicious activity**
- **Inaccurate alerts**
- **Compliance gaps**

# Model Inputs & Bias



# Monitoring Outputs

**Compliance staff should review:**

- **Alert volumes**
- **Escalation rates**
- **Investigation quality**
- **SAR conversion rates**

# Vendor Oversight

## Oversight Should Include:

- Understanding the model logic
- Reviewing vendor documentation
- Validating system outputs
- Participating in periodic system reviews

## Questions for Vendors:

- How often are models updated?
- What data sources are used?
- How are alerts prioritized?

# Compliance Documentation

- **How AI systems are used**
- **Oversight responsibilities**
- **Validation processes**
- **Escalation procedures**
- **AI governance policies**
- **BSA monitoring procedures**
- **Vendor oversight documentation**
- **System validation reports**

# Examiner Expectations

*Board of Directors & Credit Union Leadership*

# Active Governance & Risk Oversight

**Regulators want boards that understand the institution's risk profile and actively oversee management's response to those risks.**

**Boards should be able to answer:**

- **What are our top institutional risks?**
- **What trends are we seeing in loan performance?**
- **Are our controls adequate to manage fraud and cybersecurity risks?**

# Oversight of Balance Sheet Risk

## Lending Quality

- Underwriting standards
- Loan concentration risk
- Charge-off trends
- Loss mitigation programs

## Interest Rate Risk (IRR)

- Scenario modeling
- Sensitivity testing
- Impact of rate changes on earnings

## Liquidity Planning

- Access to contingency funding
- Deposit stability
- Borrowing capacity

# Oversight of Operational Risk

- **Cybersecurity**
- **Payment systems**
- **Fraud prevention**
- **Business continuity planning**
- **Technology risk**

# Strategic Risk & Forward-Looking Planning



Scenario planning



Strategic risk assessments



Stress testing



Contingency planning

# In a Nutshell

# Actionable Takeaways



Move your CMS from paper to practice



Use risk assessments to drive work plans



Organize policies with version control and ownership



Formalize change management to reduce surprises



Report to boards with clarity and risk focus



Prepare for current supervisory trends with evidence-rich files

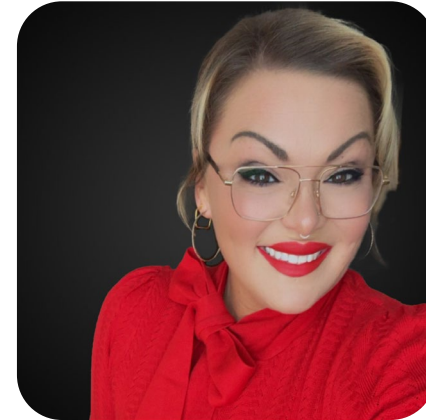
# Questions?



# Contact Us!

Crystal Streeper

- [crystal.streeper@viclarityus.com](mailto:crystal.streeper@viclarityus.com)
- 515.224.8962



# Compliance & Regulatory Support

Call or email our compliance team!

CCUA Compliance Hotline

- [ccua@viclarityus.com](mailto:ccua@viclarityus.com)
- 800.842.1242



# Did You Know...

**ViClarity can assist you with:**

- **Disclosure Reviews (compliance gaps)**
- **Policy/Procedure Reviews**
- **Risk Management Compliance Consulting**
- **Audits (annual required and one-offs)**
- **Employee Training/Board Training**
- **Technology Solutions (vendor management, CMS, etc.)**

***Contact me for details: [Crystal.Streeper@ViClarityus.com](mailto:Crystal.Streeper@ViClarityus.com)***

# ViClarity Products & Services



**Compliance Support**



**Audit & Review Services**



**GRC Software Solutions**

# League Services & Benefits



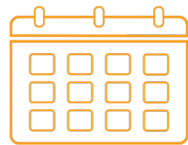
**Compliance Hotline**



**Webinars & Trainings**



**Members-Only Website**



**Compliance Calendar**



**PolicyAid**



**Compliance Newsletters**

**Thank you!**