EXAM INNOVATION:

Leveraging Technology for the Strategic Benefit of Improving Regulatory Oversight

Our WEB presentation and discussion is virtually the same we shared with Regional Director Morton, Kelly Lay, Scott Neat and other NCUA personnel who are supporting the Committee on Exam Flexibility. We are currently involved in testing a portion of our solution set with the DFI of the State of Wisconsin.

We have identified two elements of examination practice that are addressed in our strategy for innovation. First, the technology aided observation and surveillance of credit union activities crucial to an effective and efficient examination. Second, the technology to immediately react, request and securely receive the encrypted in-depth details and data sets keyed by the surveillance tool. Our strategic objective is to BOTH increase the quality and timeliness of oversight while lowering the costs of examination for BOTH the regulator and the regulated.

Our strategy is based in a belief that technological evolution in today’s credit unions provides an opportunity to shift the paradigm of exam protocols away from a point in time activity that occurs at either a 12 or 18 month cycle to a process that allows for continuous surveillance and observation of strategic decisions, credit union operations, and trends in both product transactions and volumes and general ledger accounts. In this environment the official exam date becomes an administrative event that indicates the end of one exam cycle and the beginning of another and any accompanying events, (exit interviews, official document filings, etc.) We have also identified a solution set that is totally core agnostic and can be implemented regardless of CU core provider.

We will share with you a daily updated surveillance and analysis tool (MyCUToday) that uses a database of common data elements to alert credit union executives of operational and financial trends, changes in key financial activity ratios and many other data sets. This tool is currently in use and being continuously upgraded and can be easily modified for regulatory use. The second tool we will show you is a patented encryption-at-rest and encryption-in-transit data security and file exchange solution which is regulatory compliant. This is the primary solution being tested with the Wisconsin DFI to improve their objective to create an examination environment that is less dependent on on-site examination activities and reduces the many direct costs of examination while providing cutting edge data security capabilities.