

Addressing the Big 3: Compliance, Fraud & Cyber Security

Limited budgets and the burden of additional regulatory requirements continue to create a balancing act for credit unions. They must assess how to best allocate their spending on security and compliance – without forgetting “innovation” needs as well. Smart spending means making decisions that positively impact the institution enterprise-wide, or that simultaneously have a positive effect on compliance, fraud and cybersecurity.

Credit union leaders now largely understand that when it comes to fraud and security, it can be more difficult for criminal activity to take place digitally than with paper documents where “bad actors” can easily forge signatures, for example. Many credit unions are finding that implementing eSignature and electronic document technology for both internal and member-facing processes enables them to improve security and compliance without incurring additional costs that would otherwise be passed on to consumers. Electronic documents routed via an automated workflow give credit unions the governance to satisfy examiners by tracking each step in a process while safeguarding members’ sensitive financial information.

When it comes to working with auditors, our workflow technology innately allows credit unions to demonstrate the necessary oversight for ensuring employees follow standard operating procedures. With automated workflows, a credit union can be assured their unique business rules and policies are followed – the right task is always given to the correct person at the appropriate time, with status notifications and alerts keeping documents on track through completion. At the same time, managers always have a full, easily accessible audit trail to identify and resolve bottlenecks.

For example, if an auditor is assessing a credit union’s real estate process, our workflow tools enable him/her to quickly verify that the credit union is sending required disclosures to members within the specified timeframe. By recording who was involved and exactly when and how each step of any given process took place, workflow provides the instant proof that makes examinations run smoothly while being much easier on employee resources. Paper files are no longer sufficient in today’s highly regulated environment; credit unions must have a robust electronic system to track and record document movement and timing.

By using tablets to let members review and sign documents electronically in-branch, IMM’s eSignature and electronic document solutions improve credit unions’ security measures. An individual signing a document electronically is first asked to verify his/her identity, as is typically performed in-person. After completing the signing process, a photograph of the member is taken and embedded into the document along with the member’s signature. This process both prevents fraud by highly discouraging criminal activity, but it also serves as a strong enforcement and resolution tool should fraud occur.

If a member is signing a document remotely, from home for instance, our eSignature solution tracks the email address and IP address in addition to identifying the signer via multiple authentication options. This process serves as a strong deterrent to criminal activity and makes enforcing security much easier for the credit union.

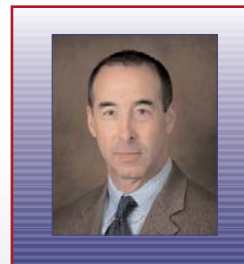
When it comes to preventing employee fraud, our workflow technology enhances credit unions’ managerial oversight, giving credit union leaders visibility into all transactions. It gives them a tool to confirm which employee handled each activity and what action was taken. Additionally, they can review the timing in which specific items were completed as well as see what actions are outstanding.

Many credit unions are beginning to understand that there are more ways to securely use mobile and online channels, and the aversion to these options is diminishing. IMM’s eSignature solutions promote these channels for remote transactions without compromising or sacrificing on security considerations.

All documents processed by our solutions are encrypted with AES 256-bit technology and are non-editable. The audit trail created for every transaction, regardless of the type of device used during the transaction, provides the same high level of security. Audit information gathered can include geographic information and IP addresses used during mobile signing events, no differently than if the transaction was performed on a standard desktop computer. Additionally, a mobile phone can be used to receive a separate verification message, which is then used to authenticate the member to the transaction.

Compliance and cybersecurity are each top of mind for credit unions and seem like completely separate issues to tackle. However, credit unions should identify technology capable of solving multiple objectives simultaneously – after all, that means fewer systems to purchase, to learn, and to maintain. More credit unions are finding that process automation can only truly be complete when eSignatures are included. IMM’s eSignature suite benefits credit unions by preventing and deterring fraud and enhancing governance and regulatory initiatives, while also providing the core benefits of eliminating paper and reducing operational costs.

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John A. Levy is the executive vice president of Integrated Media Management® (IMM), a

company specializing in paperless technologies that improve a financial institution's transaction process by automating the space between its core host system and imaging backend, including digitized signatures in-branch or remotely. His core responsibilities at IMM encompass overseeing the day-to-day operations of the sales, support, development, quality assurance and design teams. Levy's vision for IMM is to continue to be the leader in delivering quality software to the financial industry that increases productivity and reduces operating costs by streamlining the typically paper-centric financial institution output processes. Teamwork, excellent service and the development of a strong infrastructure are the foundation of Levy's daily operating style.

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