



Kansas Department of Credit Unions Quarterly Newsletter

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A Note from Administrator Julie Murray

I know that you all hear repeatedly about fraud and scams, and while we are aware of them and may hear about your processes in the credit union's examination, it is not our focus. However, our mission does include protecting the deposits of the members of our state-chartered credit unions. I have openly talked about Gail Bright's training program regarding elder financial abuse for front line staff and that she would be glad to provide the training on site for your staff at no cost. But, because this is so important, I am going to take that one step further.

If you are interested in hosting an event for your members about fraud tactics targeting seniors, we would like to help. Gail has expressed her willingness to speak to your members about these types of fraudulent activities and ways for them to protect themselves. If this is of interest, please reach out. Along the same lines, have you considered the "trusted contact"? Some credit unions are offering this to their members. If your member provides a trusted contact, it would be someone to reach out to if you feel like the member is being scammed.

As KDCU closes out our fiscal year, I thought it would be a good time to share our successes with you:

- ❖ As you are probably aware, our bill passed. It's no secret that the speed of business far outpaces the speed of regulation. The goal is to provide effective regulation and opportunity for our credit unions. We will post the newest version of the code on our new website when it launches.
- ❖ Our new website is almost complete! Our team is on the final edits, and while we originally anticipated a launch at the end of June, we are moving that to mid-July. We would like to have all links working before we go live.
- ❖ We got our revised budget passed. Our agency has developed a strategic plan that included additional training for our team, as they move past core training. We requested a budget increase of \$90,000 to facilitate that and possibly a "Director's Day" for the credit unions. We were able to get this budget increase without changing the fee structure that is currently in place.

Julie

1st Quarter Numbers

The March Call Report numbers are in and have been (over)analyzed. Here are just a few items; these figures are for ALL Kansas credit unions:

- Earnings are down almost 42% over this time last year
- Total assets have grown \$233,187,347,164 (since Dec 31)
- Net Worth ratio has dipped slightly (13.68% in March vs. 13.82% in Dec)
- Total Past Due + N/A/Equity has increased to an average of 20.39% (this time last year was 12.65% and anything over 10% indicates elevated risk). This is an interesting number for me to watch, 60% of our credit unions (state-chartered) are in an elevated risk position, and while I recognize this includes non-reportable delinquency, we are seeing large increases in the non-reportable bucket which can eventually spill over to reportable.
- Total Past Due + N/A/Loans has almost doubled to 4.07%
 - There are still 8 (state-chartered) credit unions who have this number under 1%
 - There are 16 additional (state-chartered) credit unions under 2%
- Reserves/Total loans has remained the essentially the same - currently 1.71%

Elder Financial Exploitation

Scams targeting senior citizens continue to be on the rise. Do you provide training to your staff on how to spot elder financial exploitation and what to do if found? Have you seen it in your credit union?

If interested, KDCU can provide elder financial exploitation training to your staff. The training would include:

- Most likely Perpetrators and Why it Happens
- What to Do
- Real Stories from the Headlines
- Warning Signs

If interested, contact [Gail Bright](#) to schedule training for your staff. This training is offered at no charge. In addition, as Administrator Murray noted above, reach out if you would like assistance with a session for your members.

Department Update

Training:

- Financial Examiner Cal Tutak received the Certified State Credit Union Examiner (CSCUE) designation from the National Association of State Credit Union Supervisors in March.
- Financial Examiners Amanda Wilson and Debbie Johnson obtained their Credit Union Compliance Expert (CUCE) designations from America's Credit Unions in April.

KDCU Website:

- Our new website is scheduled to "go live" in mid-July. The style has been modernized and we are updating content.

HB 2561:

- The bill modernizing the Kansas Credit Union Code was signed by Governor Laura Kelly and will go into effect July 1, 2024. Information will be available on KDCU's new website.

KDCU Credit Union Council

June 20, 2024 Meeting Summary

On June 20, 2024, the Credit Union Council conducted their regular quarterly meeting in the KDCU Conference Room. Administrator Julie Murray discussed the following:

- One examiner recently left KDCU and the open position has been posted on the State Employment Center website.
- Upcoming training opportunities for staff.
- Administrator Julie Murray and Financial Examiner Administrator Gail Bright attended the NCUA Multi-Group Meeting in Omaha. Agenda topics included Recordkeeping, Cyber Incident Reporting, IT General Controls Audits, Enterprise Risk Management, Participation Loans, Interest Rate Risk and Liquidity.
- Retiring Millennium CEO Larry Eisenhower was thanked for his service to the credit union movement and regular attendance at the Council meetings.

Ask the Administrator

Q: Credit unions are required to provide information to the Board of Directors on Suspicious Activity Reports (SAR) which have been filed. Is it permissible to provide actual copies of the SAR at the Board meetings?

A: The Bank Secrecy Act requires credit unions to notify the board of directors when SARs have been filed; however, the regulations do not mandate a particular format. Pursuant to the FFIEC BSA/AML Examination Guide, credit unions may provide actual copies of the SARs to the board, but many credit unions choose to provide summaries or just the specific types of violations. Should a SAR be filed on a board member, this cannot be disclosed to the board.

The Financial Crimes Enforcement Network (FinCEN) recommends a BSA dissemination warning when sharing SARs or their contents. Appropriate training should be provided to the Board on the confidentiality of these reports. Unauthorized disclosure can result in criminal and/or civil penalties. (31 USC §§ 5321 and 5322.)

Department Staff

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