Post Data Breach Best Practices

By: Kroll Identity Theft

Separating ID Theft Myths from Reality.

According to the Identity Theft Resource Center (ITRC), there were 1,093 reported data breaches in the U.S. in 2016, exposing more than 36.6 million records. As of September 12, 2017, the ITRC reported that data breaches were on pace to surpass the previous year’s total, with the number of records exposed to date already nearly four and a half times more than all of last year.

Hackers are smart and they can move quickly. They also exploit employees’ willingness to trust that an email from an executive or third-party vendor is legitimate, unlocking a treasure trove of valuable information and putting customers at risk of fraud and identity theft.

Proactive steps to help protect your information and recognize when you may be at risk:

- **Limit your information sharing.** If someone asks for your Social Security number, ask them why they need it, how they secure records, and what happens if you don’t provide it. Don’t include your full name, birth date, email address and mobile phone number on public social media profiles.

- **When in doubt, don’t click.** Think twice before clicking on any links. Hackers have gotten very good at making phishing attempts look legitimate, even mimicking people you know.

When in doubt, don’t click. If you receive an email or message from an unknown source, be cautious before clicking on any links or providing personal information. Always question the legitimacy of the sender and verify their identity before taking any action.

Think twice before clicking on any links in an email or message. Hackers can create convincing-looking emails that appear to come from legitimate sources, using tactics such as mimicking addresses or using logos and branding that are similar to the ones you trust.

Limit your information sharing. When asked to provide personal information such as your Social Security number or other sensitive data, ensure that you understand why the information is needed and verify the legitimacy of the request. Be wary of any request that seems unusual or unexpected.

When in doubt, don’t click. If you receive an email or message that contains a link or attachment, think twice before clicking. Hackers can create links that lead to malicious websites or install malware on your device.

In closing, we would like to wish you and yours a happy holiday season and as always, United Bankers’ Bank is First for Your Success.
Check your online banking and credit accounts regularly to detect fraudulent charges or suspicious activity.

Don’t ignore snail mail. Credit cards that you didn’t apply for, collection notices for accounts you don’t have, insurance Explanation of Benefits (EOB) statements for services you/your dependents didn’t have are all identity theft flags.

Check your credit reports. Ongoing credit monitoring will help alert you when something new is reported to the credit bureau file that it is monitoring. Also, review your credit reports at least annually. Visit annualcreditreport.com or call the Annual Credit Report Request Service at 877-322-8228 to get credit reports from all three reporting bureaus at no cost.

Review your Social Security Earnings and Benefits Statement. A difference in what is recorded as your annual income and what you actually earned could be a sign of employment-related identity theft. To order a statement, call (800) 772-1213 or go to ssa.gov.

Credit Freeze or Fraud Alert
Credit freezes become a popular recommendation in news stories after a major breach. The investigators at Kroll advise placing a 90-day fraud alert with the credit reporting agencies instead. They are free, renewable, and consumers only have to notify one of the three agencies to place the alert; each agency is then required to notify the others of the request.

With a fraud alert in place, creditors must verify your identity before extending new credit. That means you will be notified if someone is trying to obtain a credit card or apply for a loan using your personal information, denying the fraudulent attempt right away or giving you peace of mind for legitimate applications.

A freeze fully blocks access to your credit file so only the creditors and other businesses with whom you have a current relationship will have access to your reports (with certain exceptions). With a freeze in place, new creditors, lenders, landlords, insurance companies, cell phone, utility companies, and potential employers will be unable to evaluate your credit history. Without access to your credit history, any (legitimate as well as fraudulent) application for credit or other services while the freeze is in place will likely be denied. In addition, you must place and cancel the freeze with all three credit reporting agencies individually and there can be a fee to place and lift the freeze (varying by state) unless you are a victim of identity theft. Also, credit bureaus have up to 5 days to place a freeze and 3 days to lift a credit freeze, making it difficult for you to get credit immediately.

Common ID Theft Myths

Myth: I have credit monitoring or only use cash (not credit) so I don’t have to worry about identity theft. Reality: Credit report monitoring is a valuable tool that can help you detect potential credit-related identity theft early. But remember, in addition to fraudulent credit, a thief can use your Personally Identifiable Information (PII) for criminal acts, medical care, banking, employment, tax fraud and more. Also not establishing a credit account doesn’t mean somebody else will not use your PII to fraudulently secure credit.

Myth: It is safe to respond to an unsolicited phone call or email, or provide PII on an internet form as long as you recognize the name of the company. Reality: Because of tricks such as caller ID spoofing, “phishing,” “smishing,” and domain masking, it is not safe to assume that you are communicating with the entity that appears to have contacted you. Do not give sensitive information by phone, email or internet form unless you initiated the activity and are certain of the legitimacy of the entity. If you receive a suspicious phone call, text message, or email, contact the entity by using a phone number you obtain by your own means and ask about the legitimacy of the communication you received.

Myth: If I become a victim of identity theft, I will have to pay the debts created by the thief. Reality: There are federal laws that protect victims of identity theft from being held financially responsible for debts created by an identity thief. However, the victim must address and dispute the fraudulent activity within 60 days after it has been detected. UBB’s IDTheftSmart program provides members with access to Kroll’s Private Investigators who know how to resolve and report these issues.
Beneficial Ownership/CDD Clarifications & Next Steps
By Jeff Thompson, CRCM & Kassia Holt, CBAP, CCBIA

In the Spring 2017 edition of The Independent, we gave you a general overview of the upcoming changes commonly referred to as the Fifth Pillar of BSA Compliance, Beneficial Ownership. As the May 11, 2018 deadline approaches to implement these new changes, we decided to delve a little deeper into the definitions of the rule to give you an idea as to where your bank should currently be in the implementation process.

Legal Entity Customers Defined
The first facet of the new rules is understanding which of your current and future customers will be impacted. The term “Legal Entity Customers” is used in the regulation to define “corporations, limited liability companies, or other entities that are created by filing a public document with the Secretary of State or a similar office, a general partnership, and any similar entity formed under the laws of a foreign jurisdiction that opens an account. It is important to note that legal entity customers do not include sole proprietorships, unincorporated associations, or natural persons opening accounts on their own behalf. FinCEN also has a legal entity definition that should be reviewed and incorporated into your policies, procedures and training as well. A collection of FAQs has also been published that provides further clarification and guidance into their definition, and will aid in the process of implementing the new rules. FinCEN’s FAQs can be found at http://tinyurl.com/FinCenFAQ.

Peeling Back the Onion
Determining how to document beneficial ownership when a legal entity customer is owned by another legal entity customer is the second facet of this change. While the new rules do not specifically require the institution to identify beneficial owners for any company other than the one that is opening the account, they do require banks to provide a risk-based foundation for these new requirements. Many experts, UBB Compliance Services included, have taken that to mean that you should “peel back the onion” and find out who is truly operating the particular company in question. This process will require your bank to be flexible and patient, as no two commercial customers are alike.

Codified CDD Rules
The final facet is strengthening the current Customer Due Diligence (CDD) requirements. Today, the rules indicate that banks “should” understand the nature and purpose of customer relationships and “should” conduct ongoing monitoring for suspicious activity reporting and customer information updates. When the new rule takes effect in May, these actions will be a must. Each bank will need to review its current CDD processes and determine where they require strengthening.

Next Steps
Your next steps will include:
• Updating all written policies, procedures and risk assessments,
• Creating new account applications and risk matrices to gather the information needed to gain a baseline knowledge,
• Creating the necessary forms to document and verify beneficial ownership,
• Training appropriate personnel on what is changing and how to comply with the new rules.

You will also need to contact any required 3rd party vendors as soon as possible to determine how they will be assisting in this endeavor. If your implementation schedule is on track, by the end of the first quarter of 2018 your bank should be ready to take these new rules live, giving you time to work out any weaknesses in the revised processes. Please reach out to UBB Compliance Services should you have any questions or difficulties during this important implementation process.
## United Bankers' Bank Call Report (unaudited)
### 9/30/2017

### Balance Sheet (000's)

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<th>Assets:</th>
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<td>Cash and Due from Banks</td>
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<td>Investments</td>
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<td>Fed Funds Sold &amp; Securities Purchased Under Agreement to Resell</td>
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<td>TOTAL ASSETS</td>
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<th>Liabilities and Capital:</th>
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<td>TOTAL LIABILITIES &amp; CAPITAL</td>
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### INCOME STATEMENT (YTD)

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<td>Tax</td>
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<tr>
<td>NET INCOME</td>
<td>$3,303</td>
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</tbody>
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**Employee Spotlight**

Eric Elftmann  
Credit Card Representative  
952-886-9582  eric.elftmann@ubb.com

**Family Members:** Mom - Cindy, Grandma - Dorothy, Sister - Brittany

**Pets:** Mini Schnauzer named LucyBelle, she's my grandma's dog but I consider her my own.

**What do you listen to on your drive to work:** My iphone on shuffle. I have a lot of music so it’s pretty random, but sometimes Taylor Swift.

**Interests:** Sports (mainly hockey, football, and basketball), traveling, drawing, gym.

**If I could live anywhere in the world, I would live:** Somewhere warm and on a beach, probably Mexico or one of the Carolinas.

**If I could have one super power (besides flying) it would be:** Teleportation so I can travel anywhere I want.

**Many people don’t know that I:** Was on the tv show “Food Paradise” on the Travel Channel. The producers had me describe the environment at B-52’s even though I had never been there before.

**If I was not working in banking I would:** Likely be an architect or engineer

**I started working at UBB in:** August 2015

**My favorite part of working in banking is:** A tie between all the people that work here and the bank holidays.

**The best advice I ever got was:** When things don’t go right, go left.

**First For Your Success means:** Unwavering commitment in the way we support our bank customers by providing them with the necessary tools to succeed.

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Eric with sister, Brittany and her fiance, grandma, Dorothy, and mom, Cindy.

Eric with LucyBelle.

"It’s not the money….it’s the amount"  
~ A Discussion on Employee Compensation

If you’ve been in a management position for any length of time chances are you’ve been approached by an employee holding a printed copy of an online compensation report or study stating, “According to this information, I should be paid more!” How should you respond?

It is recommended that you listen with an open mind, and explain what your bank’s position is on compensation ideally including, “We’ve done a compensation study on all our positions and have an established compensation strategy, which is how your pay was determined. We feel you are paid appropriately at this time,” supported by the results of your own compensation study; otherwise such an assertion isn’t suggested.

It “Pays to Pay” Competitively

Compensation plays a pivotal role in a bank’s ability to retain employees. Before debating the merits of the employee’s data source compared to your own, take a step back and consider whether you have taken the following steps to validate your compensation strategy:

• Have you reviewed compensation survey data from independent sources like reputable consulting firms, industry associations or specialized compensation software? The more data you look at, the better.
• Have you taken time to compare the compensation survey data to your current employees’ pay rates to determine relative position in the market? From this information, you should be able to learn your level of competitiveness.

In addition to looking externally at the market, also look internally to evaluate if current jobs are payed equitably. You should strive to be competitive in the market, as well as fair and consistent within the organization.

Once you have addressed these key points, you may be more comfortable addressing your employee’s pay concerns. If not, postpone the conversation until you are better prepared! Remember, compensating fairly and competitively goes a long way towards attracting and retaining top performers.

Understanding Compensation Surveys

There are different types of compensation surveys both employees and employers can use to support pay levels. Certain websites solicit employees to provide pay information from their current employers to build a database of compensation rates, though there is no way to check or validate the information.

A much better approach for employers is to utilize traditional compensation surveys which require a large number of participating employers willing to spend the time to complete. The collector of the data, typically an independent third-party such as an industry association or consulting firm, analyzes the data and develops reports to distribute back to participants. The more participants in the survey, the more useful the results will be.

The most updated and accurate pay information available to employers is typically through specialized compensation software which stays current to the market by utilizing technology and advanced algorithms. This type of software typically provides employers access to very large compensation databases, providing better matches to specific jobs and labor markets. For example, the years of experience necessary for proficiency in a position can be important since it can skew market data, but it is difficult to pinpoint with a small sample size.

USource Can Provide Focused, Real-Time, Compensation Reports

USource utilizes PayScale, the world’s largest real-time salary survey, to produce focused, immediate compensation reports for bank positions by geographic region.

You can request reports as you need them, rather than having to wait for a third-party compensation report to be published. Employers can determine how the salaries for their workforce match market pay ranges, identify flight risks, and determine what pay adjustments need to be made. Examples of when a compensation report can be useful include:

• When an employee threatens to leave if a request for more money is not granted, the report can provide support for your response.
• If turnover is higher than expected for a specific position and pay has been cited as a contributing reason, a compensation report can provide insight on the competitiveness of your pay rates.
• During the recruiting process for a new position, a report can help to set a competitive pay range to attract the top candidates.

If interested in receiving a compensation report, please contact USource at usource@ubb.com or call 866-394-1984.

Webinars

Thursday, December 14th

~ Effective Manager Communication

This webinar will discuss what effective communication means in the workplace today and why it is vital to effectively reach your anticipated audience. Communication has become more challenging due to an increased number of communication channels, different cultures, off-site locations and generations.

Managers must become more aware of the effectiveness of their communications.

USource Webinars begin at 10:00 a.m. CST and typically last about 45 minutes. These webinars are FREE for USource members and only $85 for non-members. Please visit www.ubb.com/events for more information and to register.
Located in central Ohio about 46 miles north of the state’s capital of Columbus, Richwood carries the motto “where the clock strikes hospitality.” Residing in the heart of downtown and celebrating its 150th anniversary is Richwood Bank. Their innovative service and community dedication have earned them four consecutive years of recognition as a Columbus top workplace and honored as Extraordinary Bank of the Year in 2015. We visited with Chad Hoffman, President and CEO, to learn more about how Richwood Bank is keeping the Community in Community Banking.

What is your community most known for?
The Richwood Opera House and Town Hall is a historical landmark that was erected in 1890 to be the community center (housing the town council chambers), fire department and jail, among many other functions.

Richwood is also the home of the Ohio Quarter Horse Association (OQHA), the largest single breed horse show in the world. Every October, close to 650,000 fans bring in over $225 million to the Columbus area.

How is your bank involved in the community?
Our goal is To Inspire, Protect and Celebrate Anything that Helps Communities Thrive. Our branch locations span four counties and are situated next to booming main streets and rural sceneries. Our employees support more than 180 nonprofits and participate in nearly 100 events annually.

One of our unique approaches to giving back is through Richwood Coffee, our own in-house coffee shop. The vision behind it is to connect community and purpose while delivering value to our customers who get delicious drinks via donation with 100% going to our community partners. In less than two years, our pilot launch resulted in a 15% increase in traffic to our banking side, more than $51,000 in donations, and over 32,000 cups of hot and cold drinks served!

We also sponsor a financial literacy program. Our education team travels to 10 area schools speaking to approximately 820 students and 19 teachers on financial topics from fraud and identity theft, to budgeting and building credit.

Do you have any goals or programs in place to encourage bank employees to be active in the community?
Community involvement inundates the culture of our team, and they willingly sign up to help. In return, we compensate them with paid time off, reimbursing for 2,600 hours of volunteer time just in 2016.

What makes community involvement important to you and your bank?
Richwood Bank’s 150 years of success is built on dedication to our communities resulting in community involvement deeply rooted in our bank. When many banks fell prey to the U.S. economic crisis in 1873, we were the only bank left standing in Richwood. Investment in our communities is more than dollars. Our culture was established by investing in local farmers and tradesmen. Through each generation, we remained committed to our communities while keeping current with services and technology. We created a drive-thru in 1976, went live with online transactions in 1998, added a marketing department dedicated to helping local businesses in 2014 and opened Richwood Coffee in 2015. Our belief in community keeps us focused and surviving.

What do you like best about your community?
Our community enjoys the best of both worlds. Our strong agricultural and rural community provides a source of stability and hometown values, while the growing commercial and industrial area provides a vibrant and exciting future.

We support each other in moments of disaster or victory. The local school districts are one of our best resources and the community comes together to support them whenever possible!

What do you like best about being a community banker at Richwood Bank?
We have the opportunity to enhance the community bank model and become the trusted advisors for all who live here.

We look forward to becoming the focal point of all things financial and help our communities remain successful long into the future!
Small Business Can Yield Big Business Returns

2017 is winding down, so it is time to start planning for 2018. This is no small feat considering all the changes that are happening in the payments world.

Payments Sector is ever evolving – and fast
In the grand scheme of things, the technology we use today hasn’t been around long. The first ATM in the US appeared in 1969 (Barclays Bank in Enfield, Middlesex was the first bank to install a cash machine on June 27, 1967)\(^1\). In 1979, Visa came out with the card swiper vs. the manual imprint machine. Japan was the first to test the new EMV chip card in late 1980’s. PayPal launched online payment services in the 1990’s. The Chip-and-Pin card spread though the UK in early 2000’s and now, globally, there are contactless payments, Near Field Communications (NFC), virtual wallets and virtual currency. All this happened in a relatively short period of time, and it doesn’t appear to be slowing down anytime soon.

E-commerce spending is starting to outpace face-to-face transactions. More businesses are looking online to make purchases because it is quicker, easier, and in some cases, less expensive.

Modern technology has enabled payments to become far more secure. These new payment trends allow for less overhead for merchants and a satisfying ease-of-use for consumers. In fact, research offered by the Electronic Transactions Association (ETA) showed that 70% of all consumer spending is now done via electronic methods\(^2\).

Strategy for the Future
Businesses want faster payments, and they want products and services that will help accommodate that by being easy to use, so the business can focus their attention on serving their customers. Recently, UBB engaged in a new partnership with Security Card Services (SCS) to provide the latest technology, a plethora of services unlike anything we’ve had before, and excellent customer service for UBB’s agent bank’s business merchant customers. In addition to the enhanced service, SCS also manages all liability and compliance, relieving banks of that added responsibility.

With our new partner, we can help you realize your untapped non-interest income through the Merchant Acquisition Program. It’s a targeted approach to more effectively market to and capture those business customers who are processing at competitive institutions. This will ultimately help your bank build stronger relationships and assist them in growing their business.

For additional information or any questions, please contact one of our Merchant Card Services representatives.


Jill Robiller, Bank Cards & Payments Manager • jill.robiller@ubb.com • 952-885-9458 • 800-752-8140

Announcements

UBB is proud to congratulate two Vice Presidents in our Lending department, Steve Beuning (left) and Tony Girard (right), on their completion of the Graduate School of Banking - Madison, WI.

Congratulations!!
When Was the Last Time You Updated Your CRA Map?

UBB Compliance Services is pleased to announce the launch of its new CRA Mapping service.

Our cost effective mapping solution will provide your bank with a customized map for your CRA file, and will also map your loan and/or deposit portfolios in relation to your assessment area.

Benefits of the CRA Mapping Service:
- Cost Effective
- Useful information for Fair Lending Audits or Examinations
- Incorporates Demographic Data
  - High, Moderate and Low income areas identified
  - Other demographics available by census tract

For more information contact
UBB Compliance Services:
800-314-7782 or jeff.thompson@ubb.com