NCP Certification – Expert Defense Against Rising Check Fraud

By: Todd Cordes

Do you remember the last time you wrote a check? Many folks can’t!

Consumer behavior related to payments continually evolves and transforms as technology changes and improves. But despite trends in electronic consumer payment behavior, the written check as a method of payment remains relevant. According to a Federal Reserve Payments Study in 2016, 19.4 billion checks were written in 2015 with a value of $27.34 trillion. And in spite of declining volume, check fraud is on the rise. The American Bankers Association Deposit Account Fraud Survey recently found that $1.00 out of every $3.00 in losses is due to counterfeit and returned checks.

The Solution: A Go-To Payment Expert at Your Bank

Your bank needs every possible defense against check payment fraud! It’s also important to consider the ever-changing regulatory and rules environment that surrounds check payments ... enter the National Check Payments Certification® (NCP) designation. Started in 2011 by the Electronic Check Clearing House Organization (ECCHO), the NCP designation recognizes payment professionals who have successfully proven a certain level of understanding of the current check payments landscape. NCPs demonstrate a working knowledge of every significant aspect of the check payment system including products and operations, objectives of a bank valuation, and how it can help your management team get a thorough grasp on your bank’s overall health. To learn more about Ed, look no further than our UBB employee spotlight feature on page 4.

As the temperature starts to dip and the daylight shortens, I want to take this opportunity to thank all of you who took the time this summer to attend one of our UBB regional events or stopped by our exhibit booth to say hello at one of the many state banking association conventions we attended. Our business is built on relationships with our customers, and because of this, we value each and every opportunity we have to connect with you. Thank you for your business and as always, UBB is First for Your Success.

Bill Rosacker
A Note from the President

July 22nd marked the one year anniversary of our merger with Great Lakes Bankers Bank (GLBB). The merger and transitioning of GLBB customers to our UBB system is complete. The entire process went smoothly and would not have been possible without all of the efforts from employees throughout every department in the bank, in both our Minnesota and Ohio offices. With the merger successfully behind us, we continue to focus our efforts on serving the needs of our customers and continually identifying new products and services we can offer to ensure our community banks remain competitive and successful.

In this issue’s cover story, our Assistant Operations Officer, Todd Cordes, explains the value and significance of a certified National Checks Payments (NCP) professional in a community bank’s operations department. To prepare and assist employees of our customers who plan on taking the NCP certification exam, UBB will be offering an intense Exam Prep Series that will begin in Mid-January 2018. For more information about the exam prep series or to register your employees, simply visit http://ubbncp.com/

In HR related news, Bob Greening, Vice President, USource HR Management Services discusses the benefits of encouraging your employees to take vacation time. The USource team will be hosting educational webinars in September and October, followed by their Fall Forums in November. These are all great opportunities to see what our USource team can do to help your bank with its HR needs.

Ed Usalis, Vice President of BankValue Advisory Services explains the objectives of a bank valuation, and how it can help your management team get a thorough grasp on your bank’s overall health. To learn more about Ed, look no further than our UBB employee spotlight feature on page 4.

Take a journey with us to Pierre, South Dakota and see how BankWest is “Keeping the Community in Community Banking.” With a 127 year foundation focusing on the potential of its community members, bank President Charles H. Burke III explains their commitment to local organizations, their academic scholarship program and how they keep their employees engaged in community service.

Like the employees of so many of our customers, our UBB staff recognizes the meaningful impact of community service and actively volunteers in the communities in which they live. Recently a team of UBB correspondent banking officers and product managers visited a local Feed My Starving Children meal packing site, where they packed and prepared for shipment over 21,600 meals that will feed 59 starving children for over a year.

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relevant rules and laws that govern checks, industry standards, and fraud and risk mitigation considerations.

How an NCP Benefits Your Bank
An NCP designation enhances the credibility of your team and gives your institution a competitive edge in a constantly changing and challenging environment by:

• Improving customer service
• Boosting audit performance
• Enhancing understanding of industry products, trends, and practices
• Gaining knowledge of how and why check payments continue to provide value for your customers; with
• Industry-recognized professional development and advancement

With an NCP professional on your staff, your financial institution can stay compliant, potentially reducing losses and keeping you ahead of the payments curve!

To date over 700 professionals have attained the NCP certification nationwide. Certification is not limited to check and operations professionals in your bank. Middle and senior management can also benefit; in fact, many current National Check Professionals fall into these leadership categories.

First for Your NCP Success
UBB can help you and/or your staff members attain an NCP designation with our preparatory training sessions. Our in-depth training includes both webinars and classroom sessions conducted by ECCHO certified NCP trainers using materials created by ECCHO and specifically designed to help candidates prepare for and pass the NCP exam. The webinar sessions begin in mid-January 2018 and conclude in early April with an in-person workshop review session.

The 2018 NCP Exam window is April 21 - May 12, 2018. Registration for UBB’s 2018 NCP Test Prep program begins September 1, 2017 with “early bird” pricing available until October 31st (a $200 savings). Which person(s) on your staff are best suited to take the NCP exam? Start conversations with your staff today to determine who will prepare for the exam, ultimately providing your bank with enhanced expertise needed.

More information about the NCP Prep Series can be found at http://ubbncp.com.

Special Announcements
Barb Fugate, UBB’s SVP, Chief Information Officer and Chief Security Officer, joined her teammates from the 1991 U.S. Women’s Rugby World Cup Team, as they were inducted into the U.S. Rugby Hall of Fame on June 30th. The ‘91 USA team captured the World Cup by defeating England 19 - 6, and remains the only U.S. Rugby team ever to win the World Cup.

Serving the Community
A team of UBB Correspondent Banking Officers and product managers recently volunteered their time at a Feed My Starving Children meal packing site. Feed My Starving Children has been providing meals to hungry children around the world since it was founded in 1987. During the session, the UBB team packed 100 boxes of food, totaling 21,600 nutrient rich meals which will eventually feed approximately 59 kids for an entire year.
Understanding the value of any community bank is crucial to its ongoing management and overall success. Most community banks launch an independent business valuation only for an externally driven need such as a shareholder agreement, Employee Stock Ownership Plan (ESOP) administration or estate and gift tax reporting. However, even if your community bank doesn’t have a current need for one of those examples, you may still want to consider obtaining a valuation to gain meaningful insight into your bank’s overall health.

If a community bank is publicly traded, its value is easily observable from its stock price. All too often, community bankers believe they have a firm grasp on their bank’s value, based on experience or hearsay from a recent transaction. Unfortunately, this sort of valuation does not consider the prevailing market conditions and other relevant factors that are necessary to arrive at a defensible value. The process of valuing a privately held community bank is slightly different and requires specialized training to reliably determine the value.

As part of the process, an experienced valuation analyst must gain a knowledgeable understanding of the various elements of the bank. Much of this information is generally collected in a management interview, where the valuation analyst will meet with the bank’s management team to discuss key aspects of its operations, management and prospects for future growth. These questions help the analyst understand what key factors of the bank drive profits and create value.

Another piece of the valuation process is a comprehensive analysis of historical trends in operations and a comparison of the bank’s financial results to peer and industry benchmarks. This side-by-side comparison is a valuable management tool which highlights strengths and identifies any potential weaknesses. Additionally, the valuation analyst has access to reliable market data involving current and historical transactions with comparable community banks. Through this systematic process, the facts eliminate anecdotal evidence to arrive at a reliable conclusion of value.

A valuation provides a community bank with helpful insights as well as awareness to the factors that generate the most profitability and create value for the institution. Bank management can utilize the findings by focusing their efforts on these driving factors so as to improve their bottom line and ultimately become more successful.

For more information on BankValue Advisory Services, contact Ed Usalis, Vice President, BankValue at 952-886-9525 or Ed.Usalis@ubb.com.
Balance Sheet (000's)

**Assets:**
- Cash and Due from Banks: $35,332
- Investments: $154,691
- Fed Funds Sold & Securities Purchased Under Agreement to Resell: $81,580
- Loans: $578,436
- Loss Reserve: $(6,517)
- Other Assets: $29,886
- **TOTAL ASSETS:** $873,408

**Liabilities and Capital:**
- Deposits: $681,114
- Fed Funds Purchased: $12,326
- Other Liabilities: $85,173
- Equity Capital: $94,795
- **TOTAL LIABILITIES & CAPITAL:** $873,408

**INCOME STATEMENT (YTD)**
- Interest Income: $13,446
- Interest Expense: $1,944
- Net Interest Income: $11,502
- Loss Provision: $–
- Net Interest Income (After Provision): $11,502
- Other Income: $7,839
- **Total Income:** $19,341
- Operating Expenses: $15,824
- Securities Gains (Losses): $1
- Net Income Before Taxes: $3,518
- Tax: $1,258
- **NET INCOME:** $2,260

Family Members: Wife, Gina and son, Jack (10)

Pets: Lucky, a beagle.

What do you listen to on your drive to work: CNBC

Interests: Baseball, traveling and Ohio State football

If I could live anywhere in the world, I would live in: Italy’s Amalfi Coast

If I could have one super power (besides flying) it would be: Mind Reading

Many people don’t know that I: Voluntarily lived in Siberia for 8 months

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

I started working at UBB in: December 2016

My favorite part of working in banking is: The people and collegial atmosphere

The best advice I ever got was: Do what you love, and the rest will come

First For Your Success means: Putting the client needs first
Vacation, Vacation, Vacation
According to a recent study conducted by the Society for Human Resource Management (SHRM), employees who use all or the majority of their vacation time each year perform better, are more productive and satisfied in their jobs than those who do not. The study, called “Project: Time Off”, involved surveying human resource professionals on the positive impact of vacation time in their respective organizations. Study results indicate that fully utilizing vacation time drives higher employee performance and productivity, boosts organizational morale and contributes to employee wellness, all of which result in higher employee retention. When employees use vacation time, they typically return to work feeling refreshed and ready to go! However, despite employers’ perception of these clear benefits, many employees refrain from using vacation time. Those with “Use it or Lose it” vacation policies agree that employees who take most or all of their vacation time are more productive and stay with their employer longer. The research also found that 84 percent of employees under a “Use it or Lose it” structure take all their earned time off, compared to just 48 percent of employees who have the option to roll over, bank, or receive payments for any unused time. Due to the vital role vacation days play in the success of an organization, your bank may want to curtail policies and options that discourage taking vacation time or consider requiring mandatory vacations.

Webinars
Thursday, September 21st - Using Benefits and Perks to Attract and Retain Top Talent
With a strong job market putting pressure on all employers including community banks to attract the best and brightest workers, benefits and perks play a substantial role in attracting and retaining top performers. According to research from the Gallup organization, at least one-third of all workers say they would leave their job for specific benefits and perks. While generous health and retirement plans are still the most desired benefits for many, the rise of the more mobile workforce has increased the importance of less conventional benefits and perks. In this webinar, we will take a look at the benefits and perks most requested and perhaps even demanded by a constantly changing workforce.

Thursday, October 19th - Preserving Employment Records in Electronic Format and The Requirements for Federal Contractors with 50 or More Employees
Regardless the number of employees, the extensive requirements of Federal Contractors leads to a substantial amount of paper documentation that is required to be retained for several years. Preserving these records in electronic format is becoming today’s reality. The Office of Federal Contract Compliance Programs (OFCCP) has recently established Federal Contractor requirements to transfer, access and retain electronic records, as well as dispose of paper records.

We are often asked what the government reporting requirements are for an employer with over 50 employees. Banks are considered federal contractors, and those with over 50 employees, should include an annual Affirmative Action Plan and an EEO-1 survey report as part of their required reporting. Assuming additional criteria are met, Family and Medical Leave is also needed, and you may need to report health insurance information to the IRS as well.

Requirements for transferring paper records to electronic is vital information for all federal contractors, and this webinar is beneficial to all community banks, regardless of the number of employees they have.

USource Webinars - begin at 10:00 a.m. CST and typically last about 45 minutes. These webinars are FREE for USource members and are only $85 for non-members. Please visit www.ubb.com/events

Fall Forum
This year’s USource Fall Forum is scheduled for November and will be held at multiple locations providing participants an opportunity to network with other community bank officers while discussing relevant human resource issues and challenges. All of the Forum sessions run from 9:00 a.m. to 3:00 p.m. and include continental breakfast, lunch and refreshments.

While taking a comprehensive look at current and future compensation trends in the banking industry, the following primary objectives of compensation will be discussed:
• Focusing employee efforts
• Attracting quality employees
• Retaining top performers
• Motivating your workforce.

We’ll also look at both fixed (base salary/hourly pay) and variable (bonus/incentives/commission) compensation categories, and explore the differences between total cash compensation and total compensation package including the value of employer-provided benefits. Participants are encouraged to share their own experiences about what does and doesn’t work for their bank. More information can be found at ubb.com/events.
Pierre, the state capital of South Dakota, sits on rough river bluffs above the east bank of the beautiful Missouri River. Centrally located in the middle of the state, Pierre’s vast prairies along with its river setting provide residents and visitors with prime hunting, fishing and outdoor recreational opportunities.

Founded in 1889, even before South Dakota gained its statehood, BankWest (formerly Pierre National Bank) has been located in the heart of downtown Pierre. The employees of BankWest provide its customers with services that fit their lifestyles, by being convenient, connected and committed. To learn more about how BankWest is keeping the community in community banking, we visited with Charles H. Burke III, Chairman, President and CEO.

What is your community most known for? The capital of South Dakota, Pierre is an outdoor lover’s paradise with fishing for bass, salmon and walleye; hunting for pheasants, deer, geese and other species; and a wide range of other activities like kayaking, camping and scuba diving.

How is your bank involved in the community? Throughout its 127-year history, the Burke family and BankWest have remained devoted to the concept of community banking, providing jobs, quality financial services and financial support to the residents of Central South Dakota. We donate annually to hundreds of causes and organizations throughout the state.

Over the past 24 years, BankWest has awarded more than $372,000 in academic scholarships to BankWest student account holders based on community service, leadership and academic excellence.

Do you have any goals or programs in place to encourage bank employees to be active in the community? At new employee orientation, monthly quality service meetings and employee recognition events, BankWest encourages all employees to actively support and participate in the causes, events and organizations that strengthen their communities. One of the highest employee honors at BankWest is to receive the Charles H. Burke Community Leadership Award. Created by bank employees in 1997, the award is presented annually to an associate who provides outstanding contributions to community service and demonstrates qualities of leadership, dedication and honesty.

During our annual “Team BankWest” effort, employees divide into teams to donate hundreds of hours to community service by picking up garbage, assisting local non-profits or providing volunteer labor at local events.

What makes community involvement important to you and your bank? BankWest was founded by a group of citizens who believed that by providing quality financial services and continually reinvesting in their customers and communities, they could build the foundation for a successful bank. This philosophy has been passed down through five generations of bank ownership and still serves as the cornerstone of the BankWest mission statement. Job one at BankWest continues to be helping customers and communities achieve financial success.

What do you like best about your community? The quality of people and the quality of life in Pierre is second to none. Whether helping a family whose loved one needs medical assistance or supporting a community project, the people of Pierre can be counted on to step up to the plate.

What do you like best about being a community banker at BankWest? Seeing the impact of what we do is my greatest reward. As community bankers, we help people buy homes for their families, start businesses, pass the family farm on to the next generation, and save for important things like vacations, education and retirement. Helping people achieve their personal goals is what community banking is all about.
Consumers rely less and less on cash and checks, so today's merchants require more payment options. With UBB's help, you can offer a reliable and affordable merchant payment system to your customers that supports card payments, will increase sales and directly improve their bottom line - and yours.

Do you know which of your customers could benefit from merchant services? Are you missing out on generating non-interest income from procurable prospects? Combining our tools and your customer knowledge, we can help you identify potential merchant customers, resulting in acquiring more business and strengthening relationships with your most profitable customers.

Identifying key customers is only the beginning. UBB has worked tirelessly to obtain a merchant-friendly reputation that supports each customer’s unique needs, proven by a recent change in partnership to one of the industry’s top merchant services providers. Our experts help you and your customer understand technology and security and will find the right product match for the needs of the business. We’ve also made it possible to streamline our application process, providing quick turnaround and approvals to keep things moving and ensuring your customers are up and running in a timely manner.

Brick-and-mortar, mobile, online ... our powerful merchant processing solutions are a great option for all types of customers. Once we help identify the right products and services, we assist in integrating the system and equip the merchants with ongoing education and training so they can fully utilize the benefits of the service. With 24/7 technical support, they are never on their own when questions arise, making it easy for both you and your customer.

No matter if it’s a large or small business, every business wants to save time and money. Our merchant account management tools are scaleable and can adapt as a business grows and needs change. Our efficient systems help to expedite deposits, and consolidated bank statements and reporting reduce time and effort for backroom staff. Add in industry competitive rates, and your customers have an effective solution to boost their bottom line.

Security and compliance are areas of concern and for good reason. When you partner with UBB for merchant services, 100% of the risk and liability are taken off your bank’s plate! UBB also monitors your program’s PCI compliance, so you can rest assured someone is looking out for the best interests of your bank and its customers.

UBB makes Merchant Services easy. Our team is dedicated to offering simple, affordable payment solutions so your bank has the ability to service the needs of your merchant customers. Provide your customers with the tools they need and want. The UBB Card Services team is here to help – contact them today!

866.394.1985
cardservice@ubb.com
Eliminate Compensation Guesswork

**PayScale Compensation Reports** will help your bank:

- Identify what you need to pay to retain or attract the best talent in your markets
- Develop compensation pay ranges for your entire staff
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- By providing decision-making confidence, knowing your compensation decisions are based on the world’s largest and most comprehensive data base of salary profiles

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