

SNL Banker Solution

Customer Experience, January 2017

Customer Name: Texas Tech Federal Credit Union

Asset Size: Approximately \$125M

Branch Location or Number of Branches: 4 branches¹

Credit Union Leverages SNL Banker APR Report Building Functionality to Help Manage Regulatory Risk

Texas Tech Federal Credit Union (FCU) proactively seeks to manage and minimize its regulatory compliance risk using the SNL Banker solution.

Client Pain Points: The evolving regulatory environment continues to challenge banks and credit unions in a number of ways. A key to survival, let alone growth, is proactively monitoring the key triggers to regulatory non-compliance which will invite additional regulatory scrutiny and resolving them well in advance of examination. If a financial institution fails to effectively complete this task, they could find themselves under additional regulatory burden. The National Credit Union Administration (NCUA) requires that all credit unions cap the Annual Percentage Rate (APR) of loans to members at 18%². Noncompliance poses risks including fines or enforcement actions.

Previous Process: In the past, Texas Tech FCU had trouble proactively and effectively monitoring APR on loans to members.

The Solution: The SNL Banker solution provides the data and analytics necessary to create an effective, manageable process. Texas Tech Federal Credit Union is leveraging SNL Banker in preparation for regulatory audits. They accomplish this by monitoring the ceiling rate requirement for loans set by the NCUA. With the help of their SNL Banker advisor, Texas Tech FCU implemented a simple data warehouse report which starts with their most recent loan data. They then pulled in the APR value from their core and applied a value filter to only look at loans which violate this regulation (greater than 18%).

¹ All data herein is as of June 30, 2016 unless otherwise noted.

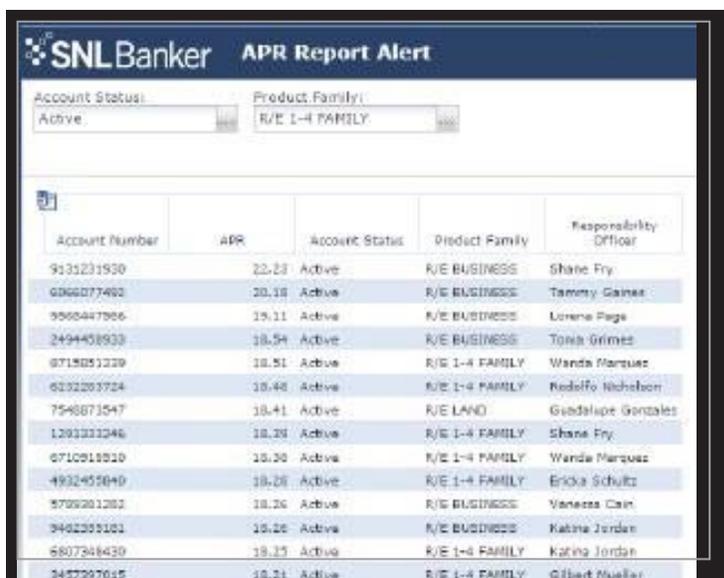
² NCUA regulation 12 C.F.R. §701.21(c)(7)(i), which was further informed by the June 2015 NCUA Letter to Federal Credit Unions. At an open meeting on June 18, 2015, the NCUA Board approved a ceiling of 18 percent APR for most federal credit union loans and 28 percent APR for payday alternative loans. The NCUA Board action extended the ceiling for a period of 18 months through March 10, 2017.

How Texas Tech FCU built a simple report in SNL Banker to help manage regulatory risk

Building this report within the data warehouse allowed Texas Tech FCU to see account-level details, including branch and officer information. The combination of this simple information provides transparency and accountability for the loan officers and management to see whether they are adhering to set policies. If discrepancies are identified, management can take the necessary steps to coach team members in how to avoid this issue in the future. An additional benefit of the SNL Banker solution was the ability lower costs by not having to hire additional staff.

The benefits of early detection

A simple SNL Banker report instantly highlights loans that may violate regulatory requirements so that Texas Tech FCU can investigate them.



Account Number	APR	Account Status	Product Family	Responsibility Officer
9131231930	22.23	Active	R/E BUSINESS	Shane Fry
0066077492	20.18	Active	R/E BUSINESS	Tammy Gaines
9060447866	19.11	Active	R/E BUSINESS	Lorena Page
2494458933	18.54	Active	R/E BUSINESS	Tonia Grimes
0715051229	18.51	Active	R/E 1-4 FAMILY	Wanda Marquez
0232203724	18.48	Active	R/E 1-4 FAMILY	Redolfo Nicholson
7546071547	18.41	Active	R/E LAND	Guadalupe Gonzalez
1291333246	18.29	Active	R/E 1-4 FAMILY	Shane Fry
0710018910	18.20	Active	R/E 1-4 FAMILY	Wanda Marquez
4932455640	18.20	Active	R/E 1-4 FAMILY	Erica Schultz
5706201283	18.20	Active	R/E BUSINESS	Vanessa Cain
3402393101	18.20	Active	R/E BUSINESS	Katina Jordan
5807248439	18.15	Active	R/E 1-4 FAMILY	Kating Jordan
3457997615	18.21	Active	R/E 1-4 FAMILY	Gilbert Mueller

For illustrative purposes only

Like many reports in SNL Banker, the report is meant to initiate action. Early detection is beneficial for strengthening the control environment by allowing loan officers to take corrective action to minimize potential regulatory risk. Also, consolidating the information within one location can provide the loan officer with the pertinent information to take action on the loan and adjust it accordingly without having to look within multiple systems — saving time and allowing the officer to focus on other more productive responsibilities.

Although TTFCU initially used the SNL Banker to solve a specific problem, the positive results have encouraged TTFCU to leverage SNL Banker to further strengthen their internal controls.

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