

# CONNECTED



AN ELECTRONIC REPORT FROM THE CUNA TECHNOLOGY COUNCIL

## UnMasking Technology—the event of the year!

**Eighth Annual CTC Summit  
Hilton New Orleans Riverside  
New Orleans, Louisiana  
August 6-8, 2003**

You will definitely want to be in New Orleans this August for the Eighth Annual CUNA Technology Council Summit. We will be “UnMasking Technology” August 6-9 at the Hilton New Orleans Riverside.

A team of your technology peers created this year’s agenda with key topics including

- business continuity planning;
- member authentication;
- identity theft;
- call center technology;
- security planning;
- top 10 technology trends;
- project management.

You will also get an opportunity to hear directly from technology professionals from other credit unions in the interactive peer-to-peer sessions.

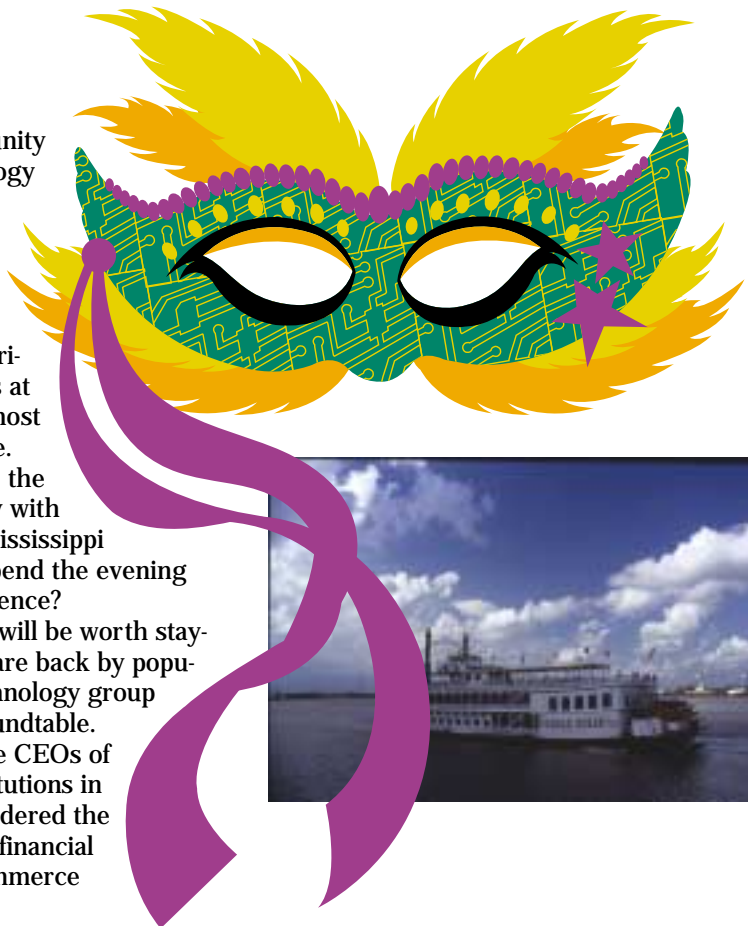
After last year’s conference we received many positive comments concerning the various networking opportunities at the conference. One of the most popular was the dinner cruise. This year we will provide you the same networking opportunity with a paddleboat cruise on the Mississippi River. What better way to spend the evening after a hard day at the conference?

Saturday morning sessions will be worth staying for. The BITS Initiatives are back by popular demand. BITS is the technology group for the Financial Services Roundtable. This group was formed by the CEOs of the largest bank-holding institutions in the United States and is considered the strategic “brain trust” for the financial services industry in the e-commerce

arena. You will learn from your peers the trends and direction the financial institutions are taking and how you can have a voice. Are you interested in participating in a BITS task force? Attend and find out how. ♦

*Check out the complete agenda and register online at [www.cunatechnologycouncil.org](http://www.cunatechnologycouncil.org). You won't want to miss this one!*

Annette Zimmerman  
CUNA Technology Council Conference Chair  
SVP/CIO  
Mountain America Credit Union  
Salt Lake City, Utah



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## Feeling unrecognized? Working hard and nobody notices?

Have we got a deal for you! The CTC Best Practice Awards are waiting! With five categories to choose from you might get the public recognition, and maybe even a Best Practice Award! Categories include:

**Delivery systems:** How have you used technology to change member behavior or greatly increase member convenience? Rumor on the street is that a lot of you that have worked miracles for the members—let's hear about it.

**Technology implementation:** A lot of you have greatly increased your credit union's staff's ability to deliver products and services. Inquiring minds want to know about it!

**IT planning:** Are you really using a plan to develop and implement your technology? There are a bunch of us that don't believe it! Prove us wrong and show everyone what a great IT plan looks like!

**Web solutions:** You're the silent ones that have made your credit union's web site func-



tion more efficiently for its members. Claim your trophy and hang it on the wall!

**E-solutions:** Did that web site go full-service while you were on vacation? We think not. Share your triumphs!

Time is running out for the 3rd Annual CUNA Technology Council Best Practice Awards. Submit your entries by June 20. Award presentations will take place at the 2003 CUNA Technology Council Summit, August 6 - 9 in New Orleans, Louisiana.

Remember, this is like the lottery; if you don't enter you can't win. If you don't toot your own horn, who will? ♦

*To enter, go to the CTC website [cunatechnologycouncil.org](http://cunatechnologycouncil.org), click on the Awards tab, then Best Practices, and download the entry form now, while you are thinking about it!*

Alan Darbe  
CUNA Technology Council Awards Chair  
VP Information Systems  
State ECU, Lansing, Michigan.

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## Connected seeks your input

As a top expert on the technology needs of credit unions, your contributions to the CTC Council newsletter *Connected* are both welcome and valuable.

Got a subject that you think would help other council members to do their jobs more effectively, or one that would contribute to the information needs of your peers? Write it up in a short article and forward it to Debbie Bergenske for inclusion in a future edition.

Here are some suggestions in broad areas to prime the pump:

- Network storage—are we having fun yet?
- Patriot act and the implications on IT;
- Spam—or rather how to get rid of it;
- Technology planning—getting the most for your members' money;
- The new Windows server for 2003;
- Wi-fi-wireless standards;
- Quality and standards—in

- product/service delivery;
- Intranets—how are you using them?

Once again, you're the expert. Consider sharing that expertise with other credit union IT experts, through this online forum. Send your articles to Debbie Bergenske, [dbergenske@cuna.coop](mailto:dbergenske@cuna.coop). ♦



## HEARD IT ON THE LISTSERV

A listserv is a tool for discussions among and between council members. Get up-to-the moment information, make requests, post challenges, and share your experience with other council members.

You must be a CTC member to gain access to the listserv. To join the listserv, click on the Community tab at the CUNA CTC Council web site, then on Listserv, and follow the directions to subscribe.

This month's hot topics and interesting conversations:

**Desktop timekeeping systems:** What system do you use to monitor employees clocking in and out via their PC or terminal. CUNA Technology Council members

- use a product called PC Time Clock by Konetix, [www.konetix.com](http://www.konetix.com);
- use ADP as their payroll processor;
- uses the PC software-based version of ADP's eTIMESHEET program and say it is "very clean."
- warn that the ADP system may not be nearly as automated as they claim;
- left ADP partly because of "exaggerated claims which ended up not matching reality;"
- use Kronos, a time clock system—it works well and interfaces well with the Abra payroll processor [www.kronos.com](http://www.kronos.com).

**Password conversion for home banking:** How do you do a mass password conversion for home banking when the current passwords won't convert to a new system? Has anyone made the password the last four digits of the member's social security number, and then forced a password change on the first log in? There is concern that the password may be too easy to guess. CTC members

- suggest using a PIN-mailer type mailing, with a start date for changing to the new PIN/password. The mailing would specify a cut-off date by which members must change it, or be required to call the credit union for assistance. Accomplishing the changeover by e-mail would require encryption capabilities;

- found a way to get current passwords into the new system, even when told the codes would not convert;
- allowed for a one-time login via the member's SSN. It prompted them to immediately change their password before it would allow them to view any information;
- suggests that if a credit union has automated tellers, or audio response units using the phone system, to pull those PIN numbers out of the database and plug them in for an initial password. Then have members change their password once they login.

**Data processor conversion:** How do we leave NCR/Starcom, continue to outsource the service, and make the conversion as painless as possible? Some responses:

- "Consider hiring a firm to review providers of outsourced host systems and use those findings to make an educated decision. Use your co-workers in other departments to tell you things they just love about your system and things they would like to see done differently. Then specify with your search firm the things that are important with a host server and things that are a must. Your internal users are a valuable resource."
- "I don't think you can make this decision on your own. You need to engage an outside firm to assist you. Any reputable consulting firm will conduct extensive interviews with you and your staff. The outcome will be a request for proposal (RFP)."
- "Your end users (employees) will be your best resource to help develop the RFP. Look at three-to-four vendors so you can see how they compare to what you have, what you want, and what's different among them."
- "We are currently evaluating a processing system upgrade. We've hired a consulting firm." ♦

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## Outsourcing can benefit both members and operations

### **CUNA Technology Council White paper summary Forging Productive Technology Partnerships by Dick Radtke**

Today's credit unions develop many partnerships with vendors, each of which provides specific services in a narrow range of expertise. This broadens the options available to create new services for both members and back room operations. But it also creates new risks and greater responsibilities in the decision-making process.

To determine which factors the credit union needs to consider in making a decision to outsource IT services, management needs to define goals, the scope of circumstances, and the risks involved. A clear definition of the business objectives and system requirements is essential in deciding whether to outsource a function.

Outsourcing often makes it easier to develop new products and find competent partners. The credit union can also choose from a number of vendors, and develop an exit strategy should the service prove untenable.

Once a decision has been made to outsource a service, a request for proposal (RFP) helps to define complex projects. The RFP identifies qualified vendors with the skills and experience to meet the credit union's needs and objectives. In addition to a clearly defined statement of work, the RFP identifies procedures and processes, responsibilities, service level agreements and types of controls to ensure the integrity of information and transactions throughout the partnership.

Through due diligence, the credit union verifies vendor plans, resources and experience to

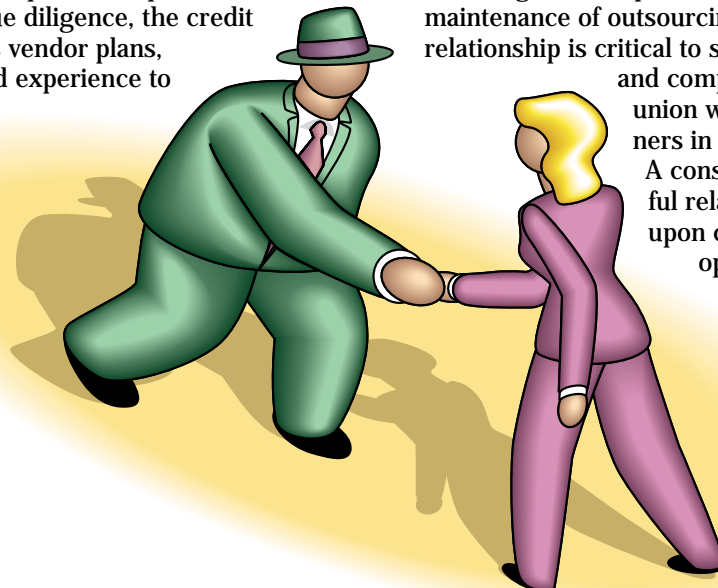
ensure acceptable service, controls, systems backup, availability, and continuity of service. A due diligence review includes a thorough understanding of the vendor's strategy, reputation, experience, understanding of required controls, and financial condition, as well as an understanding of the capabilities of third-party providers.

The contract states in black and white the standards of performance and mutual responsibilities that the credit union expects. The contract articulates services to be performed by the vendor, including service levels and performance standards, the credit union's responsibility in supporting them, improvement provisions, and the consequences and remedies of non-performance. Performance-reporting requirements, connections between the credit union and the vendor, responsibilities for troubleshooting, and problem escalation are also defined in the contract.

As the relationship between credit unions and vendors changes over time, key departments monitor vendor services. A steering committee is often created to review open issues and report to senior management. The vendor should have a process in place to identify and assess new exposures resulting from change. Any changes in the service should be assessed to determine if the change presents new control exposures.

Throughout the process of development and maintenance of outsourcing, a positive working relationship is critical to success. The people

and companies the credit union works with are partners in serving its members. A constructive and successful relationship depends upon candor, honesty and open communication among all parties involved. ♦



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## The Point debuts

CUNA's online information tool has been renamed. In a grand opening on April 28, the former CU Executive Center was upgraded to The Point for CU Research and Advice.

Revamped content includes

- in-depth articles with analysis and perspective;
- best practices;
- advanced search tools for operational questions;
- extensive archives for historical information;
- peer-group analysis;
- state-by-state rate comparisons for pricing decisions;
- live chats.

CTC members that don't already get *The Point* can go to [thePOINT.cuna.org/free\\_trial.html](http://thePOINT.cuna.org/free_trial.html) to try it out in a free 30-day trial subscription. ♦



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## E-mail changes, but does not eliminate the fax

Today, fax machines that use plain paper cost less than \$100 and have become common in homes as well as offices. The role of the fax is changing, says Eric A. Taub in the *New York Times*, but don't count the technology out altogether.

Companies and individuals now use e-mail to accomplish many of the same tasks previously handled by fax. Fax machine sales peaked in 2000, with close to 14 million sold worldwide. From 1998 to 2002, transmitted pages fell by more than 50 percent, to 170 million from 350 million worldwide.

One segment of the fax industry is experiencing growth: the all-in-one machines that let users scan, print and then either fax a document or send it to their computer to be attached to an e-mail. Sales of such units are expected reach 8.5 million units by 2006, a 20 percent rise from 7 million in 2001.

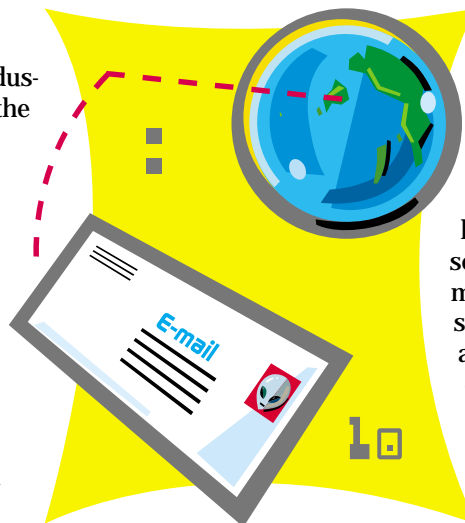
While e-mail is faster and easily installed on each employee's computer, faxed correspondence still has its

advantages. Fax machines are simpler to operate and inexpensive to run. It is easier to send a hand-drawn document by fax than to scan the document in preparation for e-mailing it. And a fax arrives as an immediate hard copy.

A signed fax is also accepted as a legal document.

Faxes are also date-stamped and arrive virtually instantaneously, along with a confirmation. Although the time and date could be altered on the fax machine, the phone company's

records will not lie when establishing when a fax was sent. Both e-mail transmission dates and text can be easily altered, and because of the vagaries of computer servers, e-mail may arrive hours or days after it was sent, or sometimes not at all, making it difficult to construct a timed paper trail. As a result, faxes are still considered indispensable for the courts, insurance companies and financial institutions. ♦



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## E-mail service providers unite in bid to stop spam

The three leading providers of e-mail accounts have started to work together to develop ways to reduce the unwanted commercial messages that clog their customers' mailboxes, according to a story in the *New York Times*. The companies—America Online, Microsoft and Yahoo—are calling for technical changes in the way e-mail is passed around cyberspace to make it easier to determine who really sent it and what it is about.

Each company has developed its own technologies to identify and discard spam. But even though these systems sidetrack several billion pieces a day, they miss so much that spam has become a leading source of complaints from users. Because studies show that the quantities of spam have at least doubled in the last year, the rivaling companies have agreed to cooperate with one another.

Once e-mail users can identify the sender of a message, the companies propose developing a list of e-mail marketers who agree to a set of standards for responsible practices. This will

not prevent anyone with a connection to the Internet from sending e-mail messages. But users could choose to ignore mail from those not on the approved list.

Many privacy advocates suggest that only companies communicating with their existing customers should use e-mail. The three Internet companies said they had not begun to discuss what the standards should be or even who should set them. The companies forged the agreement in advance of a three-day forum on spam held by the Federal Trade Commission.

The three companies said they want to include other competitors in their discussions rather than join any of several other efforts to create anti-spam coalitions. Both the Direct Marketing Association, the trade group for the postal and e-mail advertising industry, and a new group of companies that mainly handle e-mail processing for marketers, are developing their own proposals. ♦

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## Face-recognition technology improves

Facial recognition technology has improved substantially since 2000, according to results of a benchmark test by four federal government agencies involving systems from ten companies, reports the *New York Times*.

The data, which is the latest in a series of biannual tests overseen by the National Institute of Standards and Technology, is expected to encourage government security officers to deploy facial recognition systems in combination with fingerprinting and other biometric systems.

Applications will verify that people are who they claim to be, and identify unknown people by comparing them with a database of images.

The *New York Times* report also highlights continuing shortcomings, like poor performance of recognition systems in outdoor settings. Even the best systems make correct matches to the database of images just 50 percent of the

time. The report also cites outcomes that need more research, like the tendency of the systems to identify men better than women and older subjects better than young ones.

The report is a technical evaluation and does not discuss the privacy or civil rights concerns that have stirred opposition to the technology.

The report also notes that by rotating images taken at an angle, the facial recognition software can be applied to a representation of a frontal view, which has enhanced performance.

The data examines whether facial recognition systems could help with the so-called watch-list challenge, which involves determining if the person photographed is on a list of individuals who are wanted for some reason. Cognitec is the leading performer on that test, but its success rate falls as the watch list grows. ♦



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# WELCOME NEW MEMBERS

## CUNA Technology Council adds members

The CUNA Technology Council has added a total of seventeen new members. By joining their colleagues on the council, these individuals have demonstrated their commitment to

developing superior skills. In addition, they join others in networking for the free exchange of ideas and improving the overall effectiveness of their credit union's IT operations.

**Gary Doan**  
Manager of IS  
Dallas Telco FCU  
Dallas, TX

**Greg Lanigan**  
VP of IT  
USA FCU  
Troy, MI

**Varinder Sharma**  
Manager of IT  
Xerox FCU  
El Segundo, CA

**Shirley Gibbs**  
VP Operations  
Educators CU  
Nashville, TN

**Ben Morales**  
VP of IS  
Washington State ECU  
Olympia, WA

**Greg Stachovic**  
Manager of IT  
Argonne CU  
Argonne, IL

**Brock Goines**  
Manager of IT  
Pacific Transportation FCU  
Pasadena, CA

**Shawn Nelson**  
Lending Manager  
Members Choice CU  
Houston, TX

**Carrie Todd**  
VP of IT  
The Justice FCU  
Chantilly, VA

**Dennis Griesgraber**  
Director of IS  
United Educators CU  
Woodbury, MN

**Landon Parker**  
Manager of Technology  
AAFP  
Rocklin, CA

**Jill Van Hoesen**  
IT Specialist  
Northern FCU  
Watertown, NY

**Alan Griffiths**  
MIS Director  
Municipal ECU  
Baltimore, MD

**Hank Phillips**  
Director of IT  
Community Educators CU  
Rockledge, FL

**Michael Wise**  
Manager of IS  
Arizona Media CU  
Phoenix, AZ

**David James**  
Network/Systems Manager  
Midwest United CU  
Blue Springs, MO

**Greg Roche**  
Manager of IS  
Family Trust FCU  
Rock Hill, SC



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