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Identity Theft and What You Can Do

United Bankers' Agency

There is one constant question in today's society regarding identity theft, and it is not **will I be a victim?** But rather, **when will I be a victim?** With an American falling victim to identity theft every two seconds, there is still significant risk to consumers nationwide regarding their personal identifying information. The most common types of identity fraud affecting millions of Americans are driver's license fraud, social security fraud, medical benefits fraud, character/criminal fraud and financial fraud.

In 2014, the number of data breaches in the United States reached a record high of 783 and two-thirds of identity fraud victims in 2014 had previously received a data breach notification in the same year. The information that was compromised ranged



Bill Rosacker



A Note from the President

Summer is in full swing and for many of us that means convention season is as well. Our staff at UBB values these opportunities to not only support the state banking associations who do such great work for the community banking industry, but also to connect with our customers and develop new relationships with fellow community bankers.

As most of you know, we live in a time where cyber and network security are vital to the operations of your community bank. The need to protect your bank's network is more important than ever and will continue to increase in importance over time. With that being said, UBB is proud to announce its partnership with FRSecure, Information Security Experts. Through this partnership, UBB customers will have access to a dedicated resource to provide your bank with a host of security solutions, from network penetration testing and vulnerability assessments, to security audits, consulting and more. We're excited about this new partnership and you can learn more about it in our next newsletter issue, so stay tuned.

Featured in this newsletter, we spotlight the increasing trends of identity theft, along with how important an identity theft restoration program is in the event your customer's identity is ever stolen. In addition, we discuss the importance of being mindful of your bank's social media presence from a compliance perspective, even if you don't think you have one. Also, with the credit card EMV chip implementation deadline approaching, we outline a list of best practices your bank can take to ensure your bank is ready. Lastly, we introduce you to Kassia Holt, UBB's Compliance Services Consultant and catch up with our Nebraska Calling Officer, Tony Venditte in the regional report.

In closing, I hope you all enjoy the remainder of your summer and don't hesitate to reach out if we can help you in anyway. UBB is always **First for Your Success.**

from addresses and dates of birth to account information and social security numbers.

Not only is it wise to be aware of external breaches aiming to attack your systems, but it is also important to recognize that a breach can happen internally as well. Internal threats could be detrimental to any organization, and it is not only caused by criminal behavior, but careless behavior as well. Educating employees and providing security training within your financial institution is crucial in protecting against this threat.

6 ways to help safe guard your identity:

1. **Create Strong Passwords & Update Them**

Frequently: Avoid common or easy-to-guess passwords. Instead, create a strong password by using capital letters, numbers or other non-alphabetical characters.

2. **Be Aware of What You Share:** A significant amount of personal information is shared on social media that can be used against you. Don't share too personal of information online such as DOB, SSN, address, or phone numbers.

3. **Keep Sensitive Personal & Financial Documents**

Secure: Whether it be physical documentation or electronic documentation, keep all personal identifying information as well as financial documents secured.

4. **Monitor Your Credit & Bank Accounts Closely:**

Reviewing your debit and credit card statements on a daily basis is a good way to monitor your accounts for fraud. Investing in a credit monitoring service is another certified way to monitor your credit file and financial records.

5. **Don't Fall Victim to Phishing Scams:**

A growing trend in identity theft is phishing, which is when a fraudster sends out emails soliciting financial or personal identifying information. Phishing emails have become more convincing and personalized, so make sure you read emails carefully before clicking on attachments or links.

6. **Ask Questions:** Don't hesitate to ask questions when an agency or business requests your personal identifying information. Ask what it will be used for, how it will be used, who will it be shared with and how it will be protected.

The advertisement features a central image of a man in a dark suit and white shirt, pulling open his jacket to reveal a blue superhero-style chest emblem. The emblem contains the year '2016' in large white letters and a circular logo with 'NCP' below it. The background is white. The top and bottom of the ad are framed by blue banners with white text. The top banner reads 'NCPs are Check Superheroes' and 'Be the One with all the Answers'. The bottom banner contains promotional text and contact information. A small 'UBB' logo is visible in the bottom right corner of the central image area.

NCPs are Check Superheroes
Be the One with all the Answers

Be the "Go-To Guru" in your office!
We can help make the path to NCP easier than you think.
Get Started Now with the NCP Roadmap!

Contact Todd Cordes at todd.cordes@ubb.com for your copy and
to get started on your path to being a Check Superhero!

UBB *Part for Your Success™*

Visit www.eccho.org/ncpsuccess for more info

The Importance of Awareness

A look into your bank's social media presence

The famous quote from the 1989 film *Field of Dreams* "If you build it, he will come" refers to a baseball diamond in Iowa and "Shoeless" Joe Jackson. A popular quote in 2015 is, "If you build it, *they* will come" referring to whatever you are building and whoever you want to visit it. It is a mantra marketers have lived by since the social media boom began. This mantra is no different for community banks that have begun developing their social media presence with pages such as Facebook, Twitter and LinkedIn, sometimes without any assessment of the compliance risks involved.

Your social media presence isn't just about opening a Facebook or Twitter account; it also consists of what others are saying about you on social media. The December 2013 FFIEC guidance on social media focuses on your bank performing a risk assessment, which includes items like a governance structure with clear roles and responsibilities defined, a process for selecting and managing third-party relationships, an employee training program, an oversight process for monitoring information that gets posted, an audit and compliance function to ensure all applicable laws and regulations are being followed, and finally, parameters for appropriate reporting to senior management and your Board of Directors. Once that is completed, your bank needs to ensure it has detailed policies and procedures for social media in place to support the assessment's findings. What many banks fail to do is follow the regulatory guidance, even if they do not have a Facebook or Twitter account.

UBB Compliance Services personnel recently reviewed the social media presence of approximately 250 customer banks and of those, only 20% had created their own Facebook page or Twitter account. Approximately 30% of banks did not have any sort of presence in social media (i.e. did not establish their own Facebook or Twitter account, and were not mentioned by name in anyone else's social media). The findings on the remaining 125 banks was the most interesting; although these banks did not create their own social media pages, they still had a presence in social media based on others mentioning their bank name on some social media application. Further research showed that there was no direct correlation between the asset size of the bank and the number of "likes" a particular bank

received on their Facebook page. Instead, the common thread with banks that have the most "likes" was the frequency in their posts and the number of community involvement activities and pictures listed on their page.

"If you build it, *they* will come" and if you don't build it, people will still find a way to include your bank within their own social media interactions. The best practice is to be prepared for both scenarios. Consider controlling the conversation by either creating your own

social media presence or at a minimum, ensuring your institution has procedures to monitor social media so you are aware of what's being said about your bank.



For more information on Compliance Services, contact Kassia Holt at **952-886-9548** or **Kassia.Holt@ubb.com**.

United Bankers' Bank
Call Report (unaudited)
6/30/2015

Balance Sheet (000's)

Assets:

Cash and Due from Banks	\$ 45,502
Investments	\$ 235,779
Fed Funds Sold & Securities Purchased Under Agreement to Resell	\$ 69,898
Loans	
Outstanding	\$ 384,671
Loss Reserve	\$ (7,219)
Other Assets	\$ 26,684
TOTAL ASSETS	\$ 755,315

Liabilities and Capital:

Deposits	\$ 589,925
Fed Funds Purchased	\$ 74,524
Other Liabilities	\$ 15,011
Equity Capital	\$ 75,855
TOTAL LIABILITIES & CAPITAL	\$755,315

INCOME STATEMENT (YTD)

Interest Income	\$ 9,939
Interest Expense	\$ 1,041
Net Interest Income	\$ 8,898
Loss Provision	\$ (1,000)
Net Interest Income (After Provision)	\$ 9,898
Other Income	\$ 7,847
Total Income	\$ 17,745
Operating Expenses	\$ 12,950
Securities Gains (Losses)	\$ -
Net Income Before Taxes	\$ 4,795
Tax	\$ 1,802
NET INCOME	\$ 2,993



Family Members: My husband Lee and our children Jordan (son 17), Kyla (daughter 14), Trevin (son 10), and Tyson (son 8). I grew up with my mom, dad and two sisters. My extended family (aunts, uncles and cousins) is huge, we are talking 60+ people from one side for every holiday and I love it!

Pets: None. That poor animal would be neglected. With four kids who are all active we are never home.

Played most on iPod: A lot of 90's music, which includes everything but alternative and hard rock, however it is mostly hip-hop, rap and R & B. You won't find one artist that is played more than others.

Interests: Spending time at the cabin, boating/sailing, watching my kids in their activities, traveling, baking and perfecting my cake decorating skills.

If I could live anywhere in the world, I would live: In a centuries old castle somewhere in Europe.

If I could have one super power (besides flying) it would be: Invisibility. Think of all the fun you could have if no one could see you.

Many people don't know that I: Nothing. ☺ I'm a pretty boring open book.

If I was not working in banking I would: If I would have stayed the course I set my Freshman year in college I would be an interpreter working at the UN in Switzerland. If I switched jobs today it would be to become a wedding planner or a party planner.

I started working at UBB in: September 2014.

My favorite part of working for UBB is: The tremendous support I get from all the departments and co-workers I interact with daily. I was challenged with creating a product offering for UBB customers and I wouldn't have been successful in that without the support I have.

The best advice I ever got was: My dad has always said, keep your head up and work hard. He told me that as I faced being a young mother and again as I struggled with working full-time, while finishing my bachelor's degree and having/raising four kids. That hard work put me where I am today.

First For Your Success means: Creating a customer experience for your client where you can meet their needs and wants to make them successful in their endeavors. By doing this, it ensures that you as a person are successful as well as UBB.



Lee and Kassia.



Kyla, Tyson, Trevin, & Jordan at Christmas.

UBB•USource® Who is retiring at your bank?

While some Baby Boomers are choosing to work beyond the age of 65, the average age of retirement is 62, according to a recent Gallup Poll. The exodus of Baby Boomers has already begun. In 2015, the Millennials will overtake the Baby Boomers as the majority generation represented in the work place.

Proactive bankers are finding creative ways to facilitate the transfer of knowledge and skills from one generation to another. Some things to consider:

- Have conversations with employees regarding their potential retirement plans. Be sure that you don't leave the impression that you are pushing them out the door before they want to leave. In most cases, there is no mandatory retirement age. These conversations should not be seen as "locking the employee in" to a specific date or year; the goal is only to see what the employee is currently thinking about retirement and to keep the communication open for planning purposes.
- Recognize that retiring "cold-turkey" can be scary. Consider offering phased retirement plans that allow an employee to transition to retirement over several years with a flexible part-time schedule. This can be a win-win for the employee and your bank.

Does your bank have a written succession plan? USource will host a webinar on Thursday, August 13th at 10:00 CST to jumpstart developing a written plan. To register, go to UBB.com under Events.

Hiring the "Right" Employee

Hiring the "right" employee can be a challenging process. Job assessments provide managers with a greater understanding of the characteristics and tendencies of potential and current employees. While USource has many different assessments available, the

ProfileXT is one of the most popular.

The ProfileXT measures how well an individual fits specific jobs at your bank. The report provides in-depth and objective insight into an individual's thinking and reasoning style, relevant behavioral

traits, and occupational interests comparing them to a benchmark for the position. It provides hiring managers with interview questions to help them select people who have the highest probability of being successful in a role and provides practical recommendations for coaching them to maximum performance.

Many customers use ProfileXT for high-potential candidates between the first and second interview. It takes the candidate about one hour to complete on-line and costs \$185. For more information or to order an assessment, please call USource at 866.394.1984.



If you have questions or would like more information about the USource Human Resource Management program, please email us at usource@ubb.com or call us at **866-394-1984**.



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Tony Venditte

Marketing,
AVP Correspondent Banking Officer
10040 Regency Circle, Ste. 310
Omaha, NE

Born: Omaha, NE

Family: I have been married to Deann for 13 years and have a beautiful 5-year old daughter, Edisyn (Edie). I also have a 9-month old Golden Retriever named Rupert and extended family in the Omaha, NE area.

Experience: I spent over 15 years with Information Technology (IT)/Fiserv in numerous roles including installation and support of products/services such as internet banking, ATM, Check Processing and document archiving solutions, sales and marketing of check processing and document archiving solutions, and customer relationship management of 35 community banks throughout the Midwest.

Attended College:

Doane College (Crete, NE) for Bachelor's and Bellevue University (Bellevue, NE) for MBA. I also played dual sports, football and baseball, while at Doane College.

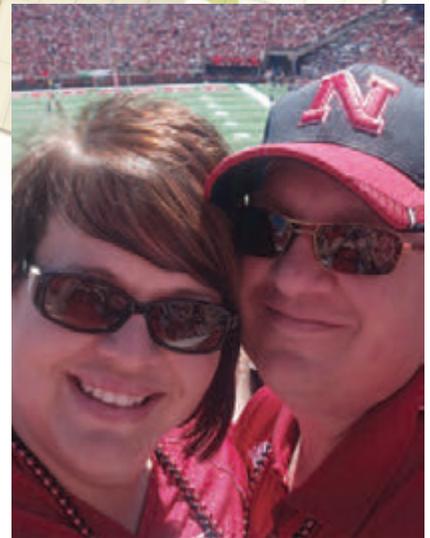
Majored in:

Finance and Marketing



Best part of working in Nebraska:

Seeing the beautiful landscape and meeting all of the people who make Nebraska a great state to live in. I also enjoy being able to relate to the bankers on subjects such as Nebraska football, agriculture, and hobbies including golf and hunting. It makes the job easy interacting with "salt of the Earth" individuals.



Tony and Deann



Tony and Edisyn cheering on the Huskers.



Deann, Edisyn, and Tony at the zoo.

EMV - Chip Card Deadline Approaches!

Effective this October, the deadline for EMV (Europay, MasterCard, and Visa) payments will arrive. This is important because as of that time, the risk for fraud on card-present transactions will switch from the card issuer to the merchant accepting the card transaction if their card terminals are not up-to-date. This could have a major impact on a small business customer who is not expecting to shoulder this risk.

Here are some questions your business customers may ask, along with suggestions on how to respond:

- **What are EMV chip cards?**

EMV cards have a chip instead of a magnetic strip (or in addition to one). This is the new international standard for plastic card payments. It is a more secure technology for authenticating a transaction and verifying a cardholder. Countries using EMV cards have less fraud than those with “mag” stripes.



- **How could my business be affected?**

It is recommended that businesses who accept plastic cards for payment upgrade their terminals for EMV. Any card-present (where transactions are made in person) business that is not ready to accept EMV cards will assume all liability (100%) for counterfeit fraudulent payments, and have no chargeback rights if the card used was a counterfeit EMV card. This may not seem very risky since EMV adoption in the United States appears to be taking place slowly at first, but the incident rate for businesses that don't adopt EMV authentication grows dramatically. Europe and Canada saw a significant increase in card-not-present fraud as EMV was implemented. Criminals who perpetrate this type of fraud target businesses that have outmoded technology. Also, cardholders that are concerned about the security of their own personal financial information will gravitate to businesses that minimize their risks.

- **What do I have to do to be ready? What will it cost?**

Businesses should contact UBB (or their current card

acquiring processor) to determine the best solution for their terminal, depending on the age of their equipment, type of business, and transaction volume. If they are reluctant to upgrade, they should think about what it would cost them to resolve some fraudulent transactions if they don't make a timely switch...

- **What if I do nothing?**

In the immediate future, mag stripe cards will continue to be accepted. But certainly, over time, the business' risk will continue to increase because their liability will grow. The business will also lose out on the opportunity that the new enhanced systems will offer, such as IP origin and proxy detection (for card-not-present transactions, and eCommerce) which help to verify where the transaction is being originated—also a way to prevent fraud. Another benefit to the enhanced systems is that they interact with social media and customer history data.

If a business does not implement EMV and does card-not-present or

eCommerce transactions, they should be on the lookout for unusual sales such as:

- International sales that are not common for their business.
- Multiple separate orders that are made with the same credit card number—especially if this is an unusual pattern for the cardholder, or if it is a new customer.
- A single order with a high volume of product—especially if it is unusual for their customer.
- A new customer with unusually high dollar value orders—especially for this type of customer.
- Customers that have uncommon requests about shipping directions or certain common freight companies.

These are often traits of fraudulent transactions.

A good piece of advice for businesses dealing with an unusual sales situation is “know your customer”.

Have questions about EMV transactions that you can't answer, or need help talking with your merchant customers? Please give us a call, we can help!

Betsy Troyer, VP Bank Cards & Payments Management
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