Regulatory Update

Dennis Gorges
GM, Enterprise Risk

Banking Regulatory
- FFIEC Report of Examination (ROE)
  - FDIC proactively sending all reports
  - OCC & FED will send upon request
- Regulatory Environment
  - Overdraft Guidance
  - Secured Overnight Financing Rate (SOFR)
- Federal Banking Agency Roundtable

Third Party Due Diligence
- SOC Reports
  - Issuance begins in December
- Data Protection

Submitted Items for Joint Call

1) Green Screen Elimination status. Is green screen really going away by 12/31/2019. We have banks using products like Fox Trot which rely on Green Screen. We have heard conflicting opinions. Sally S. Wolgin, Meridian Bank

The physical green screens are not actually going away. Support for Green Screen and Browser User interface will be discontinued on December 31, 2019. Jack Henry will no longer be adding functionality, performing custom or making regulatory requirement changes to these interfaces. Jack Henry Data Centers will discontinue support of Transport Layer Security (TLS) version 1.0 as well. Due to the technical limitations, this change will effectively end support of the current browser technology for all hosted customers. Kevin Sligar/Tammy Humphrey

2) Status of more frequent Core Releases: Update on JHA plans to move away from an annual release schedule to a more periodic release schedules. What is the status of those plans? Sally S. Wolgin, Meridian Bank

Within the next several years, JHA is collectively working towards an automated and efficient process for delivering software to SilverLake System® customers outside of a yearly schedule within JHA IBM i based products. We have refined this process into multiple phases that will start in Q2 2020. Tammy Humphrey

For SilverLake System® Release 2020, we have identified a group of customers that will partner with JHA to implement Phase 1 of the Quarterly PTF This will commence in Q2 2020 and will continue until both JHA and the group of customers are agreeable with the successful implementation and experience of the continued delivery of the Quarterly PTF. Phase 1 will include a persistent Review Environment for the customer to thoroughly test the PTF, including custom conflicts, prior to implementing the Quarterly PTF into their production environment. Kevin Sligar

3) How do banks get on the Product Development teams. How can smaller banks get a seat at the table? Sally S. Wolgin, Meridian Bank

I'm not exactly sure what Sally is asking since we don't have customers on our product development teams, but I may be taking her too literally. Customers are always invited to participate in focus groups which are, or should be, getting posted on the For Clients Portal at this time. Customers can also submit requests for focus groups through the User Group Board Focus Group Coordinator. If JHA deems that it would be beneficial to act on that request, we will publish notification on the Portal. Kevin Sligar

4) Executive CEO Forum. Has Jack Henry considered allowing CEO's to select another c-level designee from their institution to attend that CEO Forum in to represent their bank. Quite frankly, COO's, CFO's or CTO's are much closer to how JHA and its offered products impact the strategic direction of their institutions. Could JHA give it a try next year to see how it works? Sally S. Wolgin, Meridian Bank

Jack Henry has considered it, however the feedback we get from the CEOs that attend the CEO forum is that the content and conversations are specific to CEOs and thus do not want to make it too technical. the fear is that if there are too many CTOs in the audience the conversation will become focused on the details of the technology and thus be less relevant to many of the CEOs in the audience. Jeff Vandevelde

5) The Mid Atlantic RUG user group has members from multiple banks and bank areas. In our group meetings there is concern about the quality of the software being delivered. This concern spans multiple product, bank areas and bank. It is felt that software is poorly tested, documented, and that JHA support staff is lacking adequate training. The group is hoping for feedback on what steps JHA is taking to improve testing, documentation, and training of JHA support staff? Sally S. Wolgin, Meridian Bank

Banking Development continues to refine it's testing procedures as part of it's overall development process. We've also collected thousands of automated test scripts for regression testing that is run over the core and other systems every night which we continue to add to with each defect resolved. Our Documentation department is involved with each enhancement and defect they're written so that they can provide accurate information on that change. If you have some specific issues with the documentation on a change, we'll be happy to look at it with you to understand the issue that you're seeing. Kevin Sligar/Tammy Humphrey

6) Currently implementing Synapsys and finding difficulty with integration with other JHA products:

Banno
iPay
iTalk
ProfitStars EPS for RDC and RDA

NOTE: MyCardRules we heard is going to be eventually integrated with Banno, but will it be like the above products?

They are working on uploading 3rd Party Vendor files for Synapsys. "These are the JHA files we are uploading as 3rd Party, which we thought would be integrated and not require any intervention on our part. We are just finished up with Synapsys validation last week and JHA will be onsite for training Dec. 17th and 18th. " Lori Romzek of Northstar Financial Group

As I and many of my peers have said, "integration is hard". We collectively try to make sure we offer integration between all of our Jack Henry products, but this task is an on-going effort that will never be completely finished. We have discussed the above products providing their data as integration to Synapsys, but are always captured in the challenge of prioritizing integration for other products benefit versus features being requested or demanded for the product in question. It is the same development team that performs product enhancements that provides integration enhancements to other products.

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We will continue to strive and prioritize the enhancement/integration efforts for all of our products and hopefully provide the desired level of integration for all products, not just Synapsys.

As was reported with the Banno update, MyCardRules integration has been delivered with Banno. If you have a contract for MyCardRules, our Banno team will check with the CPS team to make sure the implementation is scheduled. Ron Moses

7) This is Kevin Bruemmer (kbruemme@hbtbank.com) emailing you from IdeaLab. I think this needs to be brought up in the next board meeting with JH management - matching minimum functionality when moving from the legacy system to a new system (a forced change no less) should not require voted enhancements. I could see it if we were asking to support some expired technology, but this is basic customer management and not being able to service our existing customers. We've stumbled across a similar issue in the new Teller system with only allowing 20 accounts in a drop down where Vertex could be prompted and display the full list of related accounts. Xperience - NetTeller - Cash Management Users - Account list

2Vote On Idea, Looking at the cash management users under NetTeller within Xperience, the accessible accounts list does not allow you to see more than 20 accounts. You can see the entire list in the green screen but Xperience has a limit of 20 accounts. We really need to be able to see the entire list of accessible accounts without contacting the Online Banking department.Comments (1) SilverLake

The business service that provides the listing of CM accounts (through Option #1 as referenced) was written with a limit of 20 CM users. It is my understanding Option #1 in green screen did not provide the CM user accounts in green screen, but Option #2 in the Xperience application provides the entire list of CM users as was done in green screen. We can look at expanding the capability of Option #1 as an enhancement, but hopefully you can execute Option #2 as was done in green screen to obtain the listing of all accounts. Ron Moses

8) I appreciate all of the recent information provided by RUG to assist getting us setup. Our Executive and C-Level Management team is looking for any type of Executive level user groups. Are you able to tell me if something of this nature exists currently? If so, how can we get our Executive team dialed into those groups/meetings? Randi Porter, Busey Bank

Once a year Jack Henry hosts the Executive Forum the 2 days prior to JAC. Over 140 CEOs attend the Forum. There has been consideration given to hosting an ongoing CEO community but at this time there is no plan developing that program. Jeff Vandevelde

9) I would like to know more about JHA's development roadmap specific to Overdraft Programs and Debit Card transaction processing, particularly in light of recent FDIC supervisory guidance (attached). I've confirmed with JHA that pre-authorized transactions reside in the memo post files until settlement, which means that EOD processing does NOT include these pre-authorized transactions in calculating the available balance used to determine whether item posting results in an overdraft. This is a good place to be in light of the guidance, but still appears to fall short. If items clear in between authorization and settlement, it is possible that even though the FI may have authorized the transaction based on sufficient funds the transaction can settle against a negative available balance resulting in an NSF fee on the card transaction if the cardholder is opted in to Reg E. This creates a disparate client experience – the client who does not opt in has no fee, where the client who does opt in would incur a fee with no benefit (not a true overdraft pre-auth).

Here are a few examples where fees could be incurred disparately without a benefit to the opt-in client:

1. Client begins the day with an account balance of $50.00 and makes a $30.00 POS purchase, followed by a $20.00 POS purchase. That day in EOD, a $75.00 Check is paid +$30 fee leaving a

balance of -$55.00. The next day the two POS transactions settle. Both POS was authorized on sufficient funds.

a. For an opted-in client, this results in 3 NSF/OD Fees ($90) with a final balance of -$165.00

b. For a client not opted-in, this results in 1 NSF/OD Fee ($30) with a final balance of -$105.00

2. Client begins the day with an account balance of $50.00 and makes a $20.00 POS purchase, followed by a $30.00 POS purchase. That day in EOD, a $30.00 Check is paid leaving a balance of $20.00. The next day the $30.00 PO settles (authorized second, settling first). The following day, the $20.00 POS settles (authorized first, settling second). Both POS was authorized on sufficient funds.

a. For an opted-in client, this results in 2 NSF/OD Fees ($60) with a final balance of -$90.00

b. For a client not opted-in, this results in 0 NSF/OD Fees ($0) with a final balance of -$30.00

3. Client begins the day with an account balance of $50.00 and makes a $30.00 POS purchase. That day in EOD, a $40.00 Check is paid leaving a balance of $10.00. The next day the POS transaction settles. POS was authorized on sufficient funds.

a. For an opted-in client, this results in 1 NSF/OD Fees ($30) with a final balance of -$50.00

b. For a client not opted-in, this results in 0 NSF/OD Fees ($0) with a final balance of -$20.00

Specifically, we need to determine whether JHA has plans to accommodate a fee waiver when the original card authorization was made with sufficient balance (and the final settlement is OD) – similar to the logic that already exists to determine whether the client was opted in at the time of the authorization to determine if a fee can be assessed. Ideally it would be configurable to determine how the bank chooses to handle situations where the card transaction settles for a larger amount than the initial authorization.

Based on last week's CBA Deposit Committee meeting, banks are going two directions:

1. Bank of America and 5th Third Bank, have newly structured their payment processes, so that if there were funds to cover the Debit Card POS authorization, then there will be no overdraft fee associated with that transaction, regardless of whether the transaction settles for the authorization amount or a larger amount. Their attorneys were convinced that not taking this course presented a potential UDAAP violation. The banks also believe that this is the only approach that can be clearly and easily explained to a client. In brief here is their process:

a. Authorization is positive – Settlement is negative – don't charge a fee

b. If authorization is positive, then no fee regardless of change in $ amount of transaction

c. If authorization occurred when the client had funds, then there will be no fee

2. Webster Bank, Key Bank, and a couple of others have taken a different path – they are working to significantly strengthen their disclosures, making it clear that under certain circumstances fees may be charged on POS transactions. They believe this approach satisfies the legal requirements outlined by the FDIC. This however is more challenging to articulate to a client in a clear and conspicuous manner.

3. Additional information from SunTrust/BB&T Bank: 46% of Debit Card transactions settle for larger amounts than the initial authorization (sometimes by only a small amount – as in the case of restaurant transactions including a tip). Jennifer Krug, Banner Bank

JHA has been working on this issue for a while and it's quite complex. In fact, there are actually two issues at play that make up the problem. 1) deal with Next Day Settled Credits. 2) Approving Transactions on good funds, but those funds aren't available for settlement. We've been working with the FDIC, OCC and the FFIEC related to the FDIC requirement related to NSF/OD fees charged on transactions approved on good funds. We do have a verbal position from them and they are preparing interagency guidance. JHA will be holding a Focus Group on this topic on was held yesterday on December 4th for those customers that were interested. Kevin Sligar, Phil Tollison, Dennis Gorges
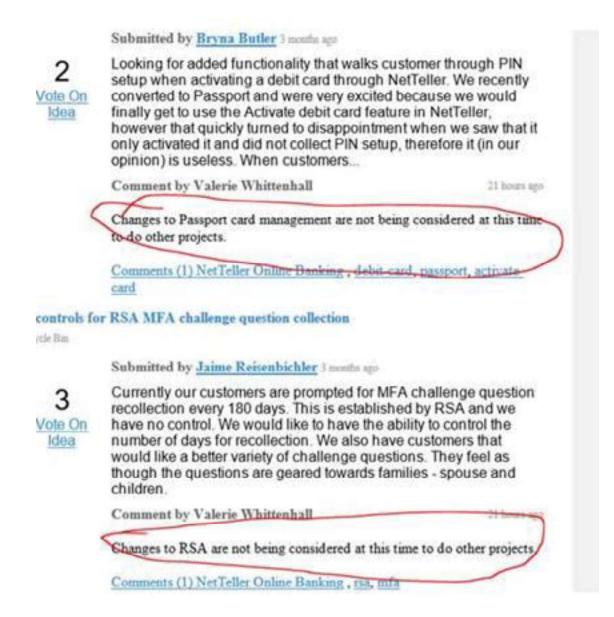
10) I'd be interested in JHA's plans for the Gap items that have been identified for features available in CIF 20/20 that are missing in Silverlake. Randy Parsons, Monticello Bank

Please understand, SilverLake is not an enhanced version of CIF20/20. These two systems, while are very similar in some ways and were based on the same predecessor product, are actually very different and developed for different customer sets. 20/20 was developed for the Community banking space. SilverLake is more geared to high volume, larger commercial banks that have larger support teams and employee user bases. Banking Development does keep a list of the known differences between SilverLake and CIF20/20. If certain 20/20 functionalities are identified that don't exist in SilverLake and we feel are critical, we will add them. Many times, SilverLake can do the function in question, but it may be done a different way or may not be as easy to use as was in 20/20. Overall, we have no active roadmap to add all features from 20/20 to SilverLake. We will address individual differences as needed. Kevin Sligar

11) GoDough seems to be working on mostly bug fixes, but we aren't seeing enhancements like password self-reset, ipay signup, etc. Can we expect enhancements in the future?

goDough has been working on Zelle integration and MyCardRules integrations, which are both very large enhancements to the product. The Zelle integration is currently in testing. Other enhancements will be prioritized and delivered through our on-going development efforts.

12) Why are ideas on the Idealab not being considered for certain departments? Seems like the Idealab is not being used as designed.

Submitted by Bryna Butler 3 months ago

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Vote On Idea

Looking for added functionality that walks customer through PIN setup when activating a debit card through NetTeller. We recently converted to Passport and were very excited because we would finally get to use the Activate debit card feature in NetTeller, however that quickly turned to disappointment when we saw that it only activated it and did not collect PIN setup, therefore it (in our opinion) is useless. When customers...

Comment by Valerie Whittenhall   21 hours ago

Changes to Passport card management are not being considered at this time to do other projects.

Comments (1) NetTeller Online Banking , debit card, passport, activate card

controls for RSA MFA challenge question collection

cle Bin

Submitted by Jaime Reisenbichler 3 months ago

3

Vote On Idea

Currently our customers are prompted for MFA challenge question recollection every 180 days. This is established by RSA and we have no control. We would like to have the ability to control the number of days for recollection. We also have customers that would like a better variety of challenge questions. They feel as though the questions are geared towards families - spouse and children.

Comment by Valerie Whittenhall   21 hours ago

Changes to RSA are not being considered at this time to do other projects.

Comments (1) NetTeller Online Banking , rsa, mfa

Prioritizing enhancements is always a challenge. We provided the recent deliveries for NetTeller in the separate CCS update and believe the enhancements we have been working on have been requested by multiple customers. IdeaLab votes are reviewed for suggested enhancements, but we also have a backlog of enhancement requests and multiple customers feedback that existed prior to IdeaLab that goes into consideration for setting our priorities. We will continue to review the IdeaLab suggestions and votes as we prioritize the features we work on going forward. Ron Moses

13) When a customer sends out a Pre-note for ACH and it is returned (ie R03), that item does not generate a notice for the customer. A case was opened (11809370 on 10-02-19) and the response was that the system does not generate notices for zero dollar amount returns. We were asked to contact JHA compliance to resolve.

We do not generate the NOC or return notice if an NOC is returned. We are adding this item to the development backlog. Kevin Sligar

14) Partition C03 recurring issues in November – when can we expect stability?

This issue was caused by a change to the User file accessed by Xperience in which the iSeries had to rebuild the access plan over the file. This was not expected. By the time the troubleshooting was completed the plan

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had rebuilt itself. Changes were identified for the standard code that day and were planned to be implemented on the next but the iSeries again rebuilt the access plan on the next morning causing the same problem with slow/no Xperience access. Priority changes were implemented on all partitions and the issue did not reoccur. Kevin Sligar
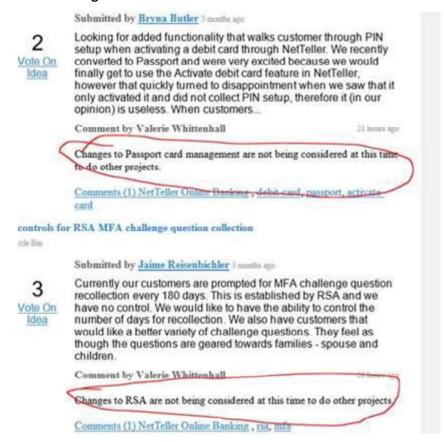
15) When Xperience is down, what can we do for teller processing?

Teller is Xperience. Teller can run without access to the Xperience Framework or connectivity to the core as long as the Teller signing on to that workstation has done so in the past (normally) 90 days to store their credentials. This timeframe is user controlled. Kevin Sligar

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We regularly review Idealab and based on input we do have an item on our backlog that would allow digital channels to activate and set a pin. No date has been established but we plan to conduct further analysis by the end of this fiscal year. As a reminder, there is the JHA PIN Management service that supports pin change/activation. Phil