

CECL Accounting Standard Takes Effect January 1: All Aboard?

Current Expected Credit Loss, FASB's new accounting standard for estimating loan losses, is quickly headed down the track. Known as CECL, the new standard kicks in January 1, 2023.

CECL will change how credit unions account for expected credit losses. Instead of calculating bad debt reserve based on years past, CECL will require credit unions to calculate bad debt using forward-looking, predictive information. Credit unions will have to evaluate their potential credit losses and make an allowance for the total expected credit losses over the life of their loans.

Credit unions that have not yet established a CECL solution can find a partner with Catalyst Strategic Solutions. Their robust, self-directed online platform – CECLution.org – is designed to help credit unions respond to CECL accounting requirements.

“With CECL requirements taking effect in January, credit unions should be in the process of evaluating solutions and determining the most appropriate type of modeling,” said Mark DeBree, Managing Principal of Catalyst Strategic Solutions. “CECLution is ideal for small to mid-sized credit unions and larger credit unions with limited complexity.”

The user-friendly platform offers credit unions several benefits:

- Captures and maintains historical data
- Automatically integrates economic data
- Displays credit union and peer data
- Enables fully customizable Q-factors and carve-outs
- Preserves core assumptions for easy updates
- Saves and stores forecasts

“CECLution was built to meet credit unions’ unique needs for compliance, affordability and efficiency,” DeBree

said. “For example, each time a new quarterly call report is filed, the credit union’s data is uploaded automatically to the CECLution platform. In addition, aggregation and storage of historical data eliminates the task of extracting and forwarding data with every report. Having access to all this data allows credit unions to see forecasted loan losses compared to historical loan losses.”

CECLution is an independent, fast and flexible alternative to in-house solutions. The user-friendly platform gives credit unions the opportunity to customize inputs that accommodate different assumptions. It is provided on a subscription basis that permits

credit unions unlimited access to the platform.

Because of the significance of this accounting change, credit unions should assess the economic impact on their balance sheets as soon as possible.



Catalyst Strategic Solutions is ready to partner with your credit union to plan and implement CECL compliance strategies. To find out how CECLution can help simplify the impending transition, contact your [Area Sales Manager](#) or call 800.442.5763

Outsource Deposit and Check Operations to Combat Staffing Challenges

With approximately 2.5 million fewer people in the labor force than projected prior to the pandemic, businesses – including credit unions – are struggling to find workers. The reasons are many and complex. In addition to workers who left jobs during the pandemic because of COVID illness, numerous others retired early or resigned due to child and elder care challenges.

The result? Those who have remained on the job are responsible for doing more. And although we all like to think our loyal employees will remain with us through thick and thin, operating understaffed will eventually take a toll on even the most committed workers. Heightened workloads, inflexible schedules and stagnant pay can lead to bitterness, burnout and, ultimately, the loss of additional employees.

An idea exchange at Catalyst Corporate’s 2022 Economic & Payments Forum focused on potential solutions for retaining employees. Not surprisingly, among them were more competitive wages and stronger benefits. Some of those benefits were identified as flexible scheduling and hybrid work environments, upskilling and reskilling for career development, relaxing the dress code, providing cell phones, perfect attendance bonuses and gas allowances. Another model many credit unions are using to combat the current labor shortage is outsourcing some of their more labor-intensive operations, such as remote deposit capture (RDC) and check processing.

Outsourcing RDC and check processing

In-house deposit processing is tedious, with such tasks as cash letter

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file preparation, MICR line data repair, special end-of-day handling for “on-us” items, next day adjustments and returns processing.

Share draft processing is no less arduous, including duties such as risk analysis, research and posting of exception items, chargebacks and adjustments, balancing and settlement and resolving member service issues for misread check amounts.

Consolidating these duties with an end-to-end provider that is large enough to offer economies of scale and strong back-office support can significantly reduce credit union staff workload and allow them to reorient to more meaningful tasks. TranzCapture™, a powerful, all-in-one check processing solution, checks all these boxes.

Discover the TranzCapture difference

Established in 2015, TranzCapture is a joint venture among four corporate credit unions. Credit union ownership



means TranzCapture is focused on delivering services and system enhancements that matter to credit unions. Outsourcing operations through TranzCapture gives credit unions access to large-scale operations and capabilities, without the significant resource strain that accompanies in-house processing systems.

TranzCapture’s deposit services are stacked with intuitive, time-saving features and flexible options, like:

- Fast and easy deployment for ATM/ITM, mobile, teller, merchant and business RDC
- Real-time duplicate item detection across all deposit channels
- MICR correction performed on the credit union’s behalf
- Flexible risk review settings and fraud protection across all deposit channels

Share draft services consolidate in-clearing, offering a single source for processing, settlement and liquidity, along with:

- Seven-year image archive online 24/7
- Member access to check images (mobile banking, internet banking, e-statements)
- Direct handling of all adjustments
- Reject re-entry and repair of damaged share drafts before posting file transmission

Keep the future and members in focus

While far from extinct, checks are headed for the exit ramp. Reallocating check processing duties to a trusted partner allows credit unions to refocus staff efforts to newer payment trends, including instant payments, such as the Federal Reserve’s FedNowSM Service, which is set to launch in mid-2023. More importantly, outsourcing can help credit unions retain dedicated staff, while allowing them to do what they do best: serve members.

Discover the difference the all-in-one TranzCapture platform could make for you. For more information, contact your Catalyst Corporate **Area Sales Manager** or call 800.442.5763.

Mark Your Calendar for Insights & Outlooks 2023



Join us December 15 at 2 p.m. Central Time for Catalyst Corporate’s annual “Insights & Outlooks” economic broadcast. This year’s webinar will address key areas of concern for credit unions relative to the economy. In-house panelists will offer ideas for the year ahead, including strategies for credit union balance sheets, an outlook for employment, inflation, financial markets, consumer spending, interest rates and perspective on how these factors will influence loan demand, investments, liquidity, pricing and more. Register for Insights & Outlooks today: catalystcorp.org/outlooks