

Credit Union Compliance Training Requirements

The following list outlines the training required by federal regulations and the NCUA Rules and Regulations. In addition, for those regulations where training isn't required by statute it is still a prudent thing to do since front line staff are usually the ones responsible for carrying out many of the compliance requirements. And in order for them to do that, they need to know what those requirements are and in many cases "why". Any fines that can be levied and public relations problems that can occur for noncompliance can prove to be more costly than the dollars invested in providing staff training.

Since state law requirements can vary, it is suggested that you check with your compliance staff, compliance attorney, or state credit union league for any additional state law training requirements that may apply to your credit union.

- **Bank Secrecy Act [Section 5318(h)]** — financial institutions are required to have an anti-money laundering program that includes an ongoing employee-training program.

NCUA Rules and Regulations §748.2(b) & (c) — requires all federally-insured credit unions to have a Bank Secrecy Act program in writing, approved by the board of directors of the institution, and noted in the minutes. The program must provide training for appropriate personnel. However, no interval is mandated for providing that training.

- **Regulation CC Availability of Funds and Collection of Checks [225.19(f)]** — financial institutions must do whatever is necessary to inform employees performing tasks governed by this regulation of the requirements of the Act and establish and maintain procedures designed to ensure and monitor employee compliance with the requirements.
- **Regulation B Equal Credit Opportunity, Regulation B Commentary §202.15(c)(2) Determining the Scope of Appropriate Corrective Action** — This section states that "identifying and then training and/or disciplining the employees involved" is an appropriate corrective action for problems discovered as a result of a self-test for compliance with this regulation.

The Policy Statement on Discrimination in Lending effective April 15, 1994 is a multi-agency statement that included the NCUA. Training employees is mentioned three different times in this statement.

1. Training employees involved in any problems detected during a self-test for compliance is an appropriate corrective action.
2. Requiring training for employees is listed as one of the enforcement tools available to the regulatory agencies.
3. Lenders are required to ensure that appropriate staff members are familiar with required secondary market underwriting guidelines.

The Interagency Policy Statement on Fair Mortgage Lending Practices dated October 9, 1992 was another multi-agency statement that included NCUA. The following is found under the Industry Education section.

Lending personnel of financial institutions may need additional information and training about fair lending laws, and greater sensitivity to cultural and racial differences among applicants for credit. Consumers need information about the credit-granting process — how it works and what is expected in order to be a successful applicant for mortgage

credit. In this regard, the agencies believe that additional effort to expand and intensify educational programs for both lenders and consumers will be required.

Many violations of the Equal Credit Opportunity Act involve discrepancies between written policies and the actual practices of employees involved in the lending process. By keeping your staff trained on those requirements, many of these discrepancies can be avoided. Besides, training staff in appropriate fair lending and nondiscrimination practices is just good business.

- **Appendix A to NCUA Part 748 Guidelines for Safeguarding Member Information {Appendix A - III(C)(2)}** — Credit unions must train their staff to implement the information security system. Appendix A to Part 748 outlines the specific requirements for the development of the information security system. Not only are credit unions required to develop and implement an information security system, they must also test, monitor, and adjust the system regularly.

From this list, it is obvious that training is not required by all the regulations governing credit union activities. However, compliance training can only help make your credit union a strong and sound financial institution that will serve as a positive force in the lives of your members.