



# NCUA rule gives electronic imaging a boost

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Many credit unions are looking for better ways to manage their records. And given the National Credit Union Administration's (NCUA) recent records preservation program update, you can take advantage of the latest imaging technology within compliance guidelines.

Like all businesses, credit unions handle and store most of their information on paper. More than 90% of what starts on paper stays on paper. Despite its bulk and manageability shortcomings, paper endures because people are comfortable with it. It's familiar. Paper provides a sense of permanence.

Although microfilm has

long been an alternative to paper, it's only been broadly applied for check recording. Film has been effective for saving space and providing security for storing important records, but current electronic imaging technologies offer even greater file-management efficiencies.

In addition to saving space, electronic imaging makes it easier to access information from any department or branch (Table I). Unlike paper documents that can be misfiled, lost, or destroyed, electronic filing offers improved file integrity. You can store electronic files on compact disks, optical disks, or network drives and integrate them with other electronic processes.

With a life expectancy of more than 20 years, image media satisfies retention schedules for the vast

majority of credit union records. And with image files, it's easy to create a back-up to comply with vital records programs for disaster recovery.

One obstacle to replacing paper files has been the regulatory interpretation of electronic imaging. NCUA recently revised its Rule 12 CFR Part 749, which establishes vital records preservation standards for federally insured credit unions.

"Preserved records may be in any format that ... is accurate and accessible and ... can be used to reconstruct the credit union's records," the rule states. "Formats include paper originals, microfilm, or any electronic format that accurately reflects the information in the record...."

Additionally, the rule requires credit unions to establish "procedures for maintaining a duplicate set of records at a vital records center that's defined as a storage facility at any location far enough from the credit union's offices to avoid the simultaneous loss of both sets of records in a disaster."

As a general rule, you should still obtain advice within your regulatory jurisdiction before you destroy any

records that you microfilm or image.

Today's integrated systems with their lower costs and broad regulatory acceptance give your credit union more opportunity to update and improve methods. But where do you start? You can apply imaging technology to teller line operations, member loan files, insurance and signature cards, or administrative and board files.

In addition to space and cost savings, imaging can improve member service, risk management, and disaster recovery. And with NCUA's expanded acceptance of imaging for file preservation, new opportunities abound.

More information is available in Canon's white paper entitled, "Credit Unions Tackle Records Management: A Look at Today's Document Management Options." View this document by visiting [www.cuna.org](http://www.cuna.org) and entering "Canon" in the search box.

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**TABLE I**  
**COMPARISON OF RECORDS-MANAGEMENT METHODS**

Issue	Paper	Microfilm	Imaging
Storage efficiency	Least efficient	95% less than paper	Most efficient
File integrity	Low	High	High
Accessibility from:			
Central location	Good	Good	Excellent
Branch location	Poor	Poor	Excellent
Electronic delivery	Fax	Fax, e-mail, and network using microfilm scanner and application resources	Fax, e-mail, and network
Compliance	Yes	Yes	Yes <sup>1</sup>
Media life	100+ years <sup>2</sup>	100+ years <sup>2</sup>	20+ years <sup>2,3</sup>
Network storage	No	Yes, upon scanning	Yes
Backup/security	Inefficient	Efficient	Efficient

<sup>1</sup>Per NCUA Rule 12 CFR Part 749

<sup>2</sup>Under proper handling and storage conditions

<sup>3</sup>Media life projections may vary with media and manufacturer