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**To:** staff@njcul.org  
**Conversation:** The Daily Exchange -- March 6, 2014

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### Hotel Rooms Available for the NJ CU Foundation Casino Night Friday, April 4th

OLD BRIDGE, N.J. – The New Jersey Credit Union Foundation has a block of hotel rooms available at the Woodbridge Hilton for those attending the 4th Annual Credit Union Casino Night on Friday, April 4th, 2014.



There is a shuttle service available to take attendees from the Hilton to the Grand Marquis in Old Bridge, N.J. beginning at 5:30 p.m. that runs all night. There's no need to drive after spending the evening having fun and supporting the Foundation!

Call the Woodbridge Hilton at (732) 494-6200 to make reservations and reference the code "NJCUF".

The 4th Annual Credit Union Casino Night will be held from 6 p.m. to 11 p.m. with an hor d'oeuvres buffet from 6 p.m. to 7 p.m. and an open bar from 6 p.m. to 10 p.m. followed by the Chinese Auction and raffle.

The action-packed night will consist of a Texas Hold 'Em Tournament (pre-registration required) and will feature Craps, Roulette and Black Jack tables.

In the [Registration Booklet](#) a variety of attendance and sponsorship options are available. Chips can be used in the Texas Hold 'Em Tournament or at any of the other



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## Are You Ready to Get Real???

Don't miss out on the one and only hard-hitting conference taking on all the issues that you need to know about. Join us March 10-12th at Harrah's Resort in Atlantic City for CU Reality Check 2014!

Check out [www.curealitycheck.com](http://www.curealitycheck.com) for more information and to register!



Upcoming Events:

Tournament or at any of the other gaming tables, however, participation in the Texas Hold 'Em Tournament must be noted on the registration form submitted.



More information and registration materials for the NJCUF's 4th Annual Credit Union Casino Night are available at [www.njcul.org/casino-night.aspx](http://www.njcul.org/casino-night.aspx).

Supporting the New Jersey Credit Union Foundation through its Casino Night ensures that your funds will be used toward its charitable giving and in-house programs, like Reality Fairs. We look forward to your participation and support.

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## NCUA: Many Credit Unions' Call Reports Still Tardy

ALEXANDRIA, Va. – While the number of credit unions filing Call Reports late for the fourth quarter of 2013 fell by more than two-thirds from the number of late filers at the end of 2012, hundreds of credit unions are still filing late, according to the NCUA.

“A total of 561 federally insured credit unions filed their fourth-quarter Call Reports late or made corrections after the Jan. 24, 2014, deadline,” NCUA Board Chairman Debbie Matz said. “This number is unnecessarily high and unacceptable.”

For the last quarter of 2012, 1,744 credit unions failed to file on time. For the first three quarters of 2013, an average of 1,048 credit unions filed late each quarter.

Matz in January sent a [Letter to Credit Unions](#) advising that the late filing of Call Reports had become a serious, chronic problem. The letter stated the agency would begin imposing civil money penalties on credit unions that file late, beginning with the first-quarter 2014 Call Reports. The penalties, the letter stressed, were “solely to deter late filing.” Penalties would be assessed per day according to ranges set out in the Federal Credit Union Act, but NCUA would “consider mitigating factors,” such as a credit union’s filing history, the gravity of the violation, and other circumstances, such as a natural disaster that prevented timely filing.

Credit unions that were late filing their fourth-quarter 2013 Call Reports will be receiving a warning letter from the agency. Subsequent late filers will be subject to civil money penalties.

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## Coming to Reality Check Monday? See Creative You Teams Present at 3 PM and Get in the Game!

ATLANTIC CITY, N.J. – Get off the sidelines and into the game! You've seen the videos of the five talented and motivated Creative You teams introducing their innovative ideas, now see them in action

March 18, 2014  
Full-Day: Cross Selling from  
the Credit Report  
Location: NJCUL and via  
Video Conference  
3:00 pm to 4:00 pm  
[More Information Click Here](#)

March 19, 2014  
Full-Day: ALM Update 2014  
Location: NJCUL and via  
Video Conference  
3:00 pm to 4:00 pm  
[More Information Click Here](#)

March 20, 2014  
Webinar: Your Deposit  
Member Died, Now What?  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

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## Connect with Us:



as they present these exciting ideas this Monday at the 2014 CU Reality Check! You can support your favorite team, get to know other innovators in the industry, and all-in-all, get involved in the Creative You program!



At a special Creative You session on Monday, March 10th from 3:00 – 4:30 p.m., the Creative You teams will each give a presentation to impress and “wow” the panel of judges, which include Filene’s Mollie Bell, chief engagement officer; Andrew Downin, innovation director; and Tansley Stearns, impact director. These three Filene leaders will watch each presentation, take in feedback from the audience (who may pose questions), and will ultimately choose which team they would like work with as a mentor.

Join us from 3:00 – 4:30 p.m. on Monday, March 10th in Ballroom A/B at Reality Check!

More information on the Creative You program is available at [www.njcul.org/creative-you.aspx](http://www.njcul.org/creative-you.aspx). More information on the Reality Check Conference is available at [www.curealitycheck.com](http://www.curealitycheck.com).

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## Bankrate: Free Checking Still Going Strong at CUs

Free checking is alive and well, says a recent article on Bankrate.com, and credit unions are at least partially responsible.

Bankrate's 2014 Credit Union Checking Survey found that 72% of the nation's 50 largest credit unions offer a free checking account, meaning the account charges no monthly service fees or point-of-sale transaction fees regardless of the balance.

What's more is the number of credit unions offering these free checking accounts has held steady for the past few years, although they are down slightly from 78% in 2010.

"This is good," says Greg McBride, CFA, Bankrate's senior financial

analyst. "It means free checking accounts remain a staple of the product lineup at many credit unions, and they aren't going away."

In contrast, the percentage of free checking accounts at banks fell from 76% in 2009 to only 38% in 2013, according to Bankrate's data. However, McBride says that the number of free bank checking accounts appears to be stabilizing.

Click [here](#) for the full article.

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## CUNA to *Hill*: CUs, Members Pay Steep Price for Merchant Data Breaches

WASHINGTON – CUNA made sure that every lawmaker on Capitol Hill got this message Wednesday that America's credit unions spend millions of dollars—without skipping a beat—to protect consumers from merchant data breaches by re-issuing cards, monitoring accounts, and reimbursing customers for fraud.

CUNA called on merchants to start working with financial institutions now to implement the best solutions to secure the system and protect consumers from fraud and identity theft—even though these solutions may be costly.

That message to Congress came in the form of a CUNA rebuttal to a recent blog post by the National Association of Convenience Stores (NACS) in *The Hill* newspaper.

In CUNA's *Hill* blog post Wednesday—which was circulated to every federal lawmaker's office—EVP of Government Affairs John Magill refutes mistaken claims NACS made about who covers costs of a merchant's data breach: It is credit unions and other financial institutions.

"Merchants are not required to reimburse financial institutions for the cost of card re-issuance after a data breach. Nothing in the Visa and MasterCard network rules provide for merchants to cover the costs of card re-issuance.

"This cost can be quite substantial, particularly for smaller financial institutions such as credit unions: The recent Target breach has cost credit unions about \$5.68 per card affected, and that doesn't even include actual fraud losses," Magill states.

Magill goes onto to rebut the merchants' claim of "forced reimbursements" from merchants to card issuers to cover the cost of fraud losses after a breach—calling the whole notion "flawed."

"The Durbin amendment only applies to debit transactions, not credit, and the rate adjustment does not cover the cost of card re-issuance."

Even when merchants are made to take responsibility—like in a recent settlement reached among TJ Maxx, Visa and MasterCard after a recent data breach at the retailer—the credit unions involved received only pennies on the dollar to cover fraud costs. Magill also notes that if network rules really did provide for "forced

reimbursements, then there would be no need for this type of settlement in the first place.

Magill calls on merchants to start working together with financial institutions to implement the best solutions to secure the system and protect consumers from fraud and identity theft, "even though these solutions may be costly."

"While we have all had our disagreements about issues in the past, now is the time to put our customers first and collaborate to ensure the best outcome for Americans," he concludes.

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## Discuss the Proposed Risk-Based Capital Requirement with Asset & Liability Expert Mark Smith on March 19th

HIGHTSTOWN, N.J. – On January 23rd, the NCUA released its proposal for overhauling the credit union net worth requirements. The proposed regulation represents a major overhaul of the capital required for credit unions over \$50 million assets and those who may reach that threshold in the future. Although only a proposal at this time, it seems certain that it will be approved in some form for 2014.

During our upcoming "ALM Update 2014" seminar on March 19th, asset and liability management expert Mark Smith will include a segment on the proposed Risk-Based Capital Requirement.

He will:

- Outline the major components of the proposal
- Discuss the procedure for commenting on the proposal
- Show how the proposed rule may impact credit unions under various circumstances.

The proposed regulation will have a major impact on the credit union system. We encourage you to attend.

The ALM Update is available "live" at the League or via video conferencing at Atlantic FCU and Members 1st of NJ FCU.

The cost to attend is \$209 per person for credit unions over \$150 million in assets, \$149 per person for credit unions \$50-\$150 million in assets, and \$69 per person for credit unions below \$50 million in assets. There is also a 50% discount for credit unions below \$10 million in assets. Contact Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) or 800-792-8861 ext. 100 for more information.

To register and pay by check, send an email to Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) and your credit union will be invoiced. To register and pay online, click [here](#).

*EDUCATION CANCELLATION POLICY: NJCUL must receive written cancellation in our office seven (7) days prior to the education session in order for you to receive a refund; substitutions only after this date. All cancellations will be subject to a \$25 cancellation fee.*





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## Issuer/Merchant Data Rule Parity a Must, CUNA Tells Lawmakers

WASHINGTON – Inconsistent data security standards need to be addressed before a solution to merchant data breaches can be achieved, CUNA said in a Wednesday letter to the U.S. Congress.

The letter was sent for the record of a House Financial Services subcommittee on financial institutions and consumer credit entitled "Data Security: Examining Efforts to Protect Americans' Financial Information." During the hearing, two subcommittee members queried government witnesses on the need for merchants to be under uniform data security and consumer notification standards.

CUNA, NCUA and others have recently called for data security standard parity between merchants and card issuers.

"Simply put: credit unions and other financial institutions are subject to high data protection standards under the Gramm-Leach-Bliley Act; merchants are not. When merchant data breaches occur, financial institutions—not merchants—bear the costs of replacing credit and debit cards and fraud costs," CUNA President/CEO Bill Cheney wrote.

The Target data breach cost credit unions an estimated \$30.6 million, and future fraud could increase these costs, CUNA said. Merchant data breaches are a top credit union concern. "It is an issue of such great concern because these breaches cost credit unions and their members significantly, and they divert resources from other credit union activity, including lending," Cheney noted.

"Until and unless merchants are held accountable for the damages that breaches to their systems cause financial institutions and consumers, we have little confidence that they will be incentivized to properly secure their systems," the letter added.

To address credit union data security concerns, CUNA suggested that Congress hold all payment system participants to comparable levels of federal data security requirements, hold those responsible for the data breach responsible for the costs of helping consumers, and ensure consumers know where their information was breached.

"Credit unions also support legislation that requires merchants to provide notice to those consumers affected by a data breach, and permits credit unions to disclose where a breach occurs when notifying members that their account has been compromised....Consumers need transparency and knowledge to understand where their data has been put at risk," the letter said.

CUNA also encouraged the committee to hold additional data breach hearings

meetings.

CUNA's full letter is available [here](#).

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## NYIB Announces 3rd Annual Reporting Contest!

The National Youth Involvement Board (NYIB) executive committee announced its 3rd Annual Reporting Contest for March, April and May 2014.

Each month, NYIB will draw a random reporter from the previous month to win a \$50 VISA gift card. All you have to do is report your youth financial literacy presentations each month at [www.nyib.org](http://www.nyib.org) to be eligible. It's that easy! The first winner will be drawn on Tuesday, April 1st for the previous month.

So don't wait to report! Win prizes and cheer on this amazing network as we aim for 500,000 students reached in 2014!

Good luck!!



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## NCUA Launches Cybersecurity Resources Page

ALEXANDRIA, Va. – NCUA has launched a new resource for credit unions, a Web page that provides links to cybersecurity and data security resources.

The site includes links to regulations, guidance, and best practices, as well as information-sharing forums on cyber threats, among other resources.

The launch coincided with Board Chairman Matz's remarks last week at CUNA's 2014 Governmental Affairs Conference (GAC).

The data breach at Target is the story of a double standard "that is neither healthy nor fair," she said at the Feb. 24 GAC general session. "While financial institutions are required by law to protect sensitive personal information, data protection standards for retailers are too often simply not adequate.

NCUA also is working on better understanding the evolving cyberthreat environment with other financial regulators, law enforcement and intelligence communities, as part of a new working group.

NCUA's cyber- and data security resources are available [here](#).

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## Vote for your Top Two ICU Day Themes

Credit union staff have been busy submitting theme suggestions for ICU Day 2014. The responses were thoughtful and creative!

CUNA has compiled the [excellent suggestions](#) to share, carefully reviewed all the suggestions, and selected several it thought best suited this year's campaign.

Now, CUNA needs you to vote for your top two favorite theme ideas! The number one idea will be the official recommendation from the United States to the World Committee.

[Please click here to vote for your top two themes ideas.](#)

With the World Committee meeting approaching, please **make sure to vote by March 12** to have your selections considered.

Next step—the U.S. will be part of the world committee that selects a theme and design, which will be revealed in May.

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## Newark Sick Leave Ordinance Adopted, Takes Effect in June

NEWARK, N.J. – Newark Mayor Luis Quintana signed an ordinance requiring many private employers with workers in Newark to offer paid days off or “sick leave.” The measure takes effect in June.

The ordinance applies to most private employees working in Newark 80 hours a year. It excludes construction unions covered by collective bargaining and other employees covered by collective bargaining agreements that waive paid sick leave requirements.

The time can be accrued by both part- and full-time workers at a rate of one hour of sick time for every 30 hours worked. Employers with 10 or more employees have to provide up to five paid days each year. Businesses with less have to provide up to three paid days each year. Workers in child care, food service, and home healthcare are automatically entitled to five days.

All employees eligible for sick days are permitted to carry over a maximum of 40 hours per year regardless of their employer's size. They are not, however, able to use more than 40 hours in one year. Additionally, they are not entitled to carry over any time if they were paid for the hours they did not use. Also, employees are not eligible to use their time until working at least 90 days. While employers are permitted to ask employees to confirm the use of the sick time in writing, they cannot require advanced notice more than seven days prior to an absence. Rather, documentation can only be requested where an employee has used time on three consecutive occasions.

In addition to personal illness and preventative care, the time can be used to care for broadly defined family members for the same purposes.

Employers are required to provide their employees with a written notice explaining their rights at the beginning of employment or “as soon as practicable” if the employees are employed when the ordinance takes effect in June. Employers also have to conspicuously display a poster explaining the ordinance in English and any other language which is the first language of at least 10 percent of the workforce.

Employers are required to keep records documenting employee hours and the time taken by employees; however, the ordinance does not specify for how long. It does state that the records kept must be made available upon the city’s request and that failure to provide the records creates a rebuttable presumption that the ordinance has not been followed.

Although the ordinance states that it does not apply to Newark employers with time-off policies that provide the minimum number of days required, it also says that the time must be awarded for the same purposes and conditions as the ordinance provides. As a result, it is likely that existing employer policies will need to be revised. The ordinance also provides language to prohibit retaliation against employees exercising their rights and creates an explicit right to sue if an employee believes their rights have been violated. Employers could also face monetary fines.

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## Credit Unions, Mark Your Calendars

HIGHTSTOWN, N.J. – The New Jersey Credit Union League would like you to mark your calendars for these upcoming events:

### **NJCUL Education**

March 18 -- [Full-Day: Cross Selling from the Credit Report](#)

March 19 -- [Full-Day: ALM Update 2014](#)

March 26 -- [Collections Roundtable: Successes, Challenges & When to Litigate](#)

April 8 -- [ELS Session: Economic, Political and Tech Trends: 10 Things You Need to Know to Grow Your Business](#)

### **Industry Events**

March 10-12 -- [2014 CU Reality Check Conference](#)

March 24 -- [Southern Chapter Meeting: How To Keep Your CU Out of Court](#)

March 28 -- [Reality Fair at The Wallace School](#)

April 2 -- [Financial Fitness Day](#)

April 4 -- [NJ CU Foundation Casino Night](#)

April 8 -- [Global Woman's Leadership Network Meeting Hosted by Affinity FCU](#)

April 10 -- [Reality Fair at Barringer High School](#)

April 20-26 -- [National Credit Union Youth Week](#)

May 3 -- Jersey Shore FCU's 5th Annual 5K in May for the Marianne DiNofrio Pancreatic Cancer Research Foundation at Birch Grove Park

May 3 -- [10th Annual Playball for Miracles Softball Tournament Sponsored by Elizabeth NJ Firemen's FCU](#)

May 9 -- [NJCUL's 26th Annual Golf Tournament](#)

May 9 -- [Reality Fair at Shawnee High School](#)

May 16 -- [Reality Fair at Ewing High School](#)

May 29 -- [Greater Alliance Federal Credit Union's 31st Annual Golf Outing](#)

June 2 -- North Jersey FCU Foundation's 5th Annual Above and Beyond Golf Outing at Picatinny Arsenal Golf Course

July 21 -- 4th Annual Garden Savings Federal Credit Union Golf Outing at Fiddler's Elbow Country Club

July 30 - August 1 -- [NYIB Conference](#)

September 15th -- Picatinny Federal Credit Union's 16th Annual Golf Outing to Benefit the Captain Sean P. Grimes Scholarship Fund at the Picatinny Golf Club

September 21-23 -- NJCUL's 80th Annual Meeting & Convention at Trump Taj Mahal

October 17 -- [International Credit Union Day](#)

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