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March 12th, 2014

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### Reality Check Coverage: Out with the Old, In with the New—Ron Shevlin Proves CUs Need New Marketing Competency to Compete

ATLANTIC CITY, N.J. – According to Ron Shevlin, the competitive dynamic in banking is changing—and credit unions need a new marketing competency in order to compete.



*Shevlin uses humorous examples of opportunities that should not only be seized, but also created.*

How do we do that? Well, financial institutions and other companies used to only reach consumers right before their decision to make a purchase. Nowadays, credit unions need to keep up with companies such as Google that have mastered the art of “activity-based marketing”, or marketing within the context of an activity performed by a customer or prospect, which brings them into the consumer’s decision-making much earlier in the game.

Mobile is definitely the way to go, Shevlin says. When asked the question “What are your credit union’s plans regarding the

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## 4th Annual Credit Union Casino Night

brought to you by the NJ Credit Union Foundation



## NJ Credit Union Foundation's Casino Night Friday, April 4th!

[Registration materials](#) for the NJ CU Foundation's 4th Annual Credit Union Casino Night are now available! The event will be held on Friday, April 4 from 6 p.m. to 11 p.m. at the Grand Marquis in Old Bridge, N.J.

question: what are your credit union's plans regarding the development of mobile apps to help consumers", 19% say they have one currently implemented, while a third of the audience says they plan to before the end of 2015; the rest are unsure, but probably will.

According to Shevlin, performance is key. Location is no longer—or at least shouldn't be—the top priority. How well you help your members manage their financial lives should be top-of-the-list. And to do that, says Shevlin, credit unions must shift their data collection from demographics and attitudes to purchases and behaviors. Credit unions don't need to necessarily be as creative; they need to be more analytical. And their marketing should transition from "push-and-pray" to a more activity-based approach, so they reach consumers where they are.

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## Reality Check Coverage: Howard Stoeckel Introduces Attendees to 'The Wawa Way'

ATLANTIC CITY, N.J. – Former President/CEO and current Vice Chair of Wawa Howard Stoeckel's new book "The Wawa Way" doesn't hit stores until April 16th, but Reality Check attendees got an advanced look into the book and the values that made the convenience store a phenomenon.



*Introducing the "Wawa Way", Vice Chair Howard Stoeckel relates the convenience store's values to those of credit unions.*

During his session titled "Share of Heart" on Tuesday afternoon, Stoeckel explained that the Wawa Way is more than a theme, "it's a way of life, a guide for valuing people and a road map for building long-standing customer and community relationships." He showed examples of Wawa customers going through great lengths to show their appreciation of the store and that culture. Some customers went so far as to get tattoos of the Wawa logo, U.S. military troops stationed in Iraq listed Wawa coffee at the top of their list of things they missed most, customers camped out overnight to be first in line at the Wawa grand opening in Florida, and more.

It's all part of the living brand, says Stoeckel, that was born out of the family business. A business, which over the years (from the late 1800s till the 1960s), eventually became the Wawa convenience store in 1984, and has been evolving ever since.

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

More information and registration materials for the NJCUF's 4th Annual Credit Union Casino Night are available [here](#).

### Upcoming Events:

**March 18, 2014**  
**Full-Day: Cross Selling from the Credit Report**  
Location: NJCUL and via Video Conference  
10:00 am to 2:00 pm  
[More Information Click Here](#)

**March 19, 2014**  
**Full-Day: ALM Update 2014**  
Location: NJCUL and via Video Conference  
10:00 am to 3:00 pm  
[More Information Click Here](#)

**March 20, 2014**  
**Webinar: Emerging Leader Series: Understanding Asset Liability Management Concepts**  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

### Contact Us:

#### Address

299 Ward Street  
Hightstown, NJ 08520  
Driving directions

#### Phone

609-799-0000

in 1904, and has been evolving ever since.

Even in the economic downturn, Wawa was still expanding. What's its secret? Our culture, Stoeckel says, which is based on a balance of private ownership, shared ownership, and servant leadership.

And its success is also due to its core values, which are similar to that of credit unions. He challenged the audience to think big but act small, seize opportunities, have fun, and never forget "lessons from geese."

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## Reality Check Coverage: Panel Discusses Lending Challenges and Opportunities, Big and Small

ATLANTIC CITY, N.J. – Tuesday afternoon brought with it a panel discussion on the hottest topic for credit unions: lending.



*The great panel of credit union professionals sharing their lending expertise. From left to right: Bryan L. Eichenbaum, Vice President of Sales & Lending, United Teletech Financial FCU; Beverly Zook, President/CEO, MoneyOne FCU; Chris Chichester, President/CEO of Jersey Central FCU; and Alex Sornoza, Vice President, Calling Officer in Sales and Business Development from the Federal Home Loan Bank of New York (FHLBNY) moderating.*

Alex Sornoza, Vice President, Calling Officer in Sales and Business Development from the Federal Home Loan Bank of New York (FHLBNY) moderated the three-person panel made up of credit union professionals. Panelists included Chris Chichester, President/CEO of Jersey Central FCU; Bryan L. Eichenbaum, Vice President of Sales & Lending at United Teletech Financial FCU; and Beverly Zook, President/CEO, MoneyOne FCU.

The session provided a look into the lending environment at three very different credit unions. Having the perspective from each allowed attendees (and panelists) to garner ideas from one another.

Zook's message was loud and clear: her credit union sticks to what it is good at and outsources what it needs to in order to provide a well-

800.792.8861  
609.448.2426

**Fax**  
609.448.3499

**E-mail**  
info@njcul.org

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rounded host of options to its members. Like many credit unions, auto loans are MoneyOne FCU's bread and butter.

With Jersey Central FCU 90% loaned out and roughly 50% of members borrowing from the credit union, loans have provided a better return than some of their investments. Unsecured loans tend to be more popular with this credit union's members.

The largest credit union on the panel, United Teletech Financial FCU, looks to be more technologically advanced in its lending process over the coming years.

One thing that was glaringly obvious during the discussion was that each credit union agreed that there is a story behind every loan application. This element of the conversation was evident throughout and highlighted the overarching credit union philosophy of "people helping people".

Attendees asked great questions that helped drive the panel in different directions throughout, and all walked away with useful information and ideas.

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## **Bipartisan Housing Finance Reform Bill Expected Soon**

WASHINGTON – After five years of debate and delay among policymakers, the Senate Banking Committee chairman and the committee's top Republican member announced yesterday that they have agreed upon a bipartisan plan to overhaul the housing finance market, as well as to wind down government-owned (GSEs) Fannie Mae and Freddie Mac.

CUNA and the state leagues have and will continue to advocate for credit unions as housing reform moves forward.

The trade groups have repeatedly said that credit unions appreciate the need to reform the current housing finance system, but any reforms must not hinder the ability of credit unions to meet their members' housing finance needs in a member-friendly cooperative way.

A draft bill could be unveiled in the next few days, with a committee vote to follow soon. Information released by the committee leadership indicates the legislation will reflect significant provisions of S. 1217, a bill introduced last June.

Like that legislation, the new bill would wind down Fannie Mae and Freddie Mac and replace them with a new mortgage guarantor, the Federal Mortgage Insurance Corporation (FMIC).

The winding down of Fannie and Freddie, and the Federal Housing Finance Agency, would be accomplished within five years of the bill's potential passage. GSE assets would be sold off, and their charters would be revoked once the FMIC is established.

Under the terms of the bill, private entities would purchase mortgages from lenders. These mortgages would then be insured as securities

from lenders. Those mortgages would then be reissued as securities and sold to investors. Investors would need to maintain a 10% interest of equity for every dollar of risk.

New loans would not be required to go through the FMIC. Only those that wanted the government guarantee would be processed by the agency.

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## CU's Have Until this Saturday to Sign-Up to for a Chance to Win \$1,000 Donated to their Favorite Charity through March Madness

NCAA's March Madness begins on Thursday, March 20, and this year the New Jersey Credit Union League wants all New Jersey credit unions to participate by creating up to three brackets per credit union for a chance to win \$1,000 donated to your favorite charity.

Compete against other New Jersey credit unions and against NJCUL President/CEO Greg Michlig. As a twist to our pool, your brackets will also be stacked up against Michlig's bracket. Credit unions' beating out the president will be in store for a variety of prizes as well.

Each week look in the *Daily Exchange* for information on the prizes to be had and who is leading the competition.

To participate, designate a representative from your credit union to sign-up and register for the competition; this person will be the point person the League will contact if your credit union wins any prizes throughout the tournament.

To obtain the link and password to participate or if you have any questions, please email [news@njcul.org](mailto:news@njcul.org) by 12 pm on March 15th. Let the madness begin...

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## Filene Report: Risk-Weighted Capital Standards 'Compelling' for Policymakers

MADISON, Wis. – The adoption of risk-weighted capital adequacy standards would put banks and credit unions on the same safety-and-soundness footing, making such standards a "compelling" consideration for policymakers, according to a new report from the Filene Research Institute.

Allowing credit unions to access alternative capital would bolster their stability during times of stress and strengthen their ability to grow in both good and bad times, according to the report, "Credit Union Capital Adequacy: What's New and What's Next?"

The paper outlines the mismatch between credit unions and investor-owned banks, focusing on the implications of Basel III capital guidelines, prompt corrective action (PCA), and the structure challenges of maintaining the principle of member ownership in the face of outside capital. With risk-weighted capital adequacy standards, simple credit unions could stick with a leverage-only requirement,

while those with more complicated balance sheets could opt for risk-weighted reporting, the report said.

The GAO concluded in 2004 that it was too early to recommend changes to credit union PCA, but the financial crisis showed that the risks posed by credit unions do not warrant more stringent PCA triggers.

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## Proposed Risk-Based Capital Requirement to Be Addressed at March 19th ALM Update

### *Get an Update on ALM for 2014*

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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## CUNA Online Legislative Update Details Post-GAC Political Landscape

WASHINGTON – Top credit union priorities coming out of last month's Government Affairs Conference (GAC) are detailed in the March edition of CUNA's Legislative Update Webcast.

The advocacy efforts of 4,400 credit union supporters during the GAC "certainly made an impact that will last for a long time," CUNA SVP of Legislative Affairs Ryan Donovan said in this month's Webinar. "As we turn the page from the GAC, several of our priorities are on the front burner of Congress," Donovan noted.

In the Webinar, Donovan provides updates and analysis of key credit union issues, including tax reform, merchant data breaches, housing finance reforms, patent reforms, and capital reform.

On the credit union tax status, Donovan emphasized that the recently released draft "is just the first chapter in tax reform," and groups that did not do as well as credit unions did in the first draft will be seeking to improve their own position in future drafts. Credit unions must defend their hard-earned gains in the future, he emphasized.

Donovan said CUNA does not expect the U.S. House to consider the House Ways & Means Committee chairman's tax plan this year, and it is not clear if the Senate will introduce its own tax reform document this year.

However, he added, Rep. Paul Ryan (R-Wis.), who could take on House Ways & Means Committee chairmanship, has said he would use the proposal as a starting point for his own work on taxes.

CUNA's monthly legislative update breaks down vital information on top congressional concerns into an accessible and understandable format.

The 15-minute Webinar is available [here](#).

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## CompBlog Wrap-Up Reminds CUs of Tax Fraud Potential

MADISON, Wis. – With the April 15 tax return due date approaching, credit unions must stay on their toes to protect themselves and their members from fraud schemes, CUNA warned in this month's edition of the *CompBlog Wrap-Up*.

One type of fraud credit unions have alerted CUNA to is non-member tax refund checks going into member accounts. Not only must credit unions note and potentially report such suspicious activity for Bank

members note and potentially report such suspicious activity for Bank Secrecy Act purposes, they must also be on the lookout for members using personal accounts for business purposes, such as a tax return filing business.

This month's *CompBlog Wrap-Up* also features:

- Top concerns outlined by credit unions at last month's Governmental Affairs Conference;
- Recent Foreign Account Tax Compliance Act amendments and clarifications;
- Final Affordable Care Act employer regulations; and
- News on student lending issues.

The *Wrap-Up* also updates credit unions on the latest regulatory changes and offers a question-and-answer section. For the full *CompBlog Wrap-Up*, [click here](#).

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## Measure Protecting Employees Who Don't Show for Work During a State of Emergency Introduced

TRENTON, N.J. – On the heels of one of the severest winters in memory, legislation that would prevent employers from requiring employees unable to make it into work during a declared state of emergency to use paid or unpaid sick, vacation, personal or other leave and protect employees from adverse actions by their employer has been introduced in the state Senate.

According to the bill, a state of emergency is a natural or man-made disaster or emergency in which a state of emergency is declared by the governor or by a municipal emergency management coordinator.

The bill exempts employees of public safety agencies such as police or fire departments or emergency medical services.

An employer who violates the provisions of the bill would be subject to a penalty of up to \$5,000 for the first offense and \$10,000 for each additional offense.

The bill has been referenced to the Senate Labor Committee.

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## CFPB Proposes Debt Collection Survey

WASHINGTON – The CFPB is [requesting](#) comments on its proposed mail survey of consumers on their experiences with the debt collection industry to inform the bureau's rulemaking on debt collection. The CFPB specifically requests comments on whether the survey information would be useful, whether the proposed survey methods would be effective, and how to improve both.

The planned survey questions focus on consumers' past experience with debt collectors, including if, and how, they have been contacted



by collectors, and if they recognized the debt that was being collected. The survey will also try to ascertain the accuracy of the information used by debt collectors regarding consumers.

The bureau also hopes to collect suggestions for how debt collectors should contact consumers and what potential regulatory interventions in the industry could be helpful. In its request to the Office of Management and Budget for the survey, the bureau cited the numerous complaints from consumers on debt collection since the bureau began accepting complaints on the topic in July 2013. The complaints included accounts of harassment and threats of jail time, as well as attempts to collect debts that consumers did not owe.

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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](#)

April 11 -- [Digital Marketing Conference: Technology, Trends, Tactics & Tools](#)

### **Industry Events**

March 18 -- [South-Central Chapter Meeting: NJ CU Foundation Update](#)

March 25 -- [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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