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The Daily Exchange -- May 29, 2014

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May 29th, 2014

Today's News:

- › CUNA RBC Letter Details Plan's Flaws, Urges Withdrawal
- › What's Informative, Interactive, and Free for Small Credit Unions? Our Small CU Conference on June 7th!
- › FHLBanks Weigh-In on RBC Proposal, Would Place CUs at Disadvantage
- › Do You Have 25+ Years of Service to the NJ CU Movement?
- › Report: CUs Need Tech to be Top of Millenials' Minds
- › Don't Miss Next Tuesday's VirtualCorps Webinar: CDCU's Access to Grant Funding, Secondary Capital
- › June 1st Sprint CU Member Discount Program Deadline Fast Approaching
- › Credit Unions, Mark Your Calendars

CUNA RBC Letter Details Plan's Flaws, Urges Withdrawal

WASHINGTON – In a 47-page comment letter to NCUA, CUNA Wednesday underscored the inherent flaws and damaging impact the agency's risk-based capital plan (RBC) would generate, and recommended that the proposal be withdrawn. The letter said the regulator has not provided an adequate justification for the major changes it is proposing.

Comments from New Jersey

49

Comments

The comment letter emphasizes CUNA's willingness and desire to work with the NCUA on both a comprehensive strategy

and on a narrower new rule approach.

"Credit unions have been subjected to a number of new rules in the wake of the financial crisis, but none of them is as potentially harmful as this proposal," the comment letter states.

"Indeed, the economic and legal issues spawned by the proposal are numerous, the policy questions are real, and, as evidenced by the overwhelming level of interest in this rule, the stakes for credit unions and their 99 million member owners could not be higher," the letter adds.

The comment letter is available [here](#).

CUNA and the state leagues encouraged all credit unions to file comments letters on the proposed RBC rule by yesterday's deadline, generating more than 1,100 letters, including one signed by more than 320 U.S. House members and one signed by the presidents of the 12 Federal Home Loan Banks. Several U.S. senators filed individual letters as well.



NJCUL is Collecting 80 Examples of "Banking You Can Trust" in Honor of its 80th Anniversary!

We're asking our member credit unions to provide us with examples of how they have provided "Banking You Can Trust" this year.

Send your credit union's examples of "Banking You Can Trust" to the League at news@njcul.org. Photos are strongly encouraged! We'll be featuring all of these great stories and photos at our 80th Annual Meeting and Convention September 21-23, 2014 at the Trump Taj Mahal in Atlantic City, N.J.

Upcoming Events:

June 10, 2014
**ELS Session: Credit Union
 Differentiation Strategies**
Location: NJCUL
10:00 am to 2:00 pm
[More Information Click Here](#)

49 comment letters were filed from New Jersey and six members of the state's congressional delegation added their names to the U.S. House letter.

A list of the comment letters submitted from New Jersey thus far are available to NJCUL member credit unions at www.njcul.org/comment-calls.aspx. If you have submitted a comment letter and it is not listed on the League site, please forward a copy to NJCUL Director of Compliance Nicola Foggie at nfoggie@njcul.org.

NCUA will host three post-comment period listening sessions around the nation. CUNA will be attending each of the sessions and will be working with the leagues to ensure credit unions' concerns are heard by the agency.

The NJCUL will attend the July 17 session in Alexandria, Va. and plans to provide transportation for interested members. Listening Session registration is available [here](#).

Additional information on CUNA's and the NJCUL's legislative and regulatory advocacy efforts are available through CUNA's weekly [The Cheney Report](#), [Legislative Update](#), [Regulatory Advocacy Reports](#), and monthly [Legislative Affairs Webcast](#), as well as reported in various NJCUL publications such as the *Daily Exchange*.

[\[BACK TO TOP \]](#)

What's Informative, Interactive, and Free for Small Credit Unions? Our Small CU Conference on June 7th!

Driving Success: 2014 Small CU Conference will Offer Up Strategies that Work

HIGHTSTOWN, N.J. – NJCUL's Small CU Conference is back! And, did you know, it's FREE for up to three registrants from credit unions under \$50 million in assets?

NJCUL's 2014 Small CU Conference on Saturday, June 7th will cover a range of hot topics specific to small credit unions' viability and success.

The theme of this conference is "Driving Success: Strategies that Work". Join your small credit union peers for an informative conference that features speakers and sessions that will help your credit union develop a strategy and tap into the resources specific to your needs.



**Driving Success –
Strategies that Work**

Take a look at the speakers and sessions listed below:

- Michael Hudson: Making Strategy Practical: Developing Your Mindset
- Bonnie Karcewski: A NJ CU Success Story
- Navigating the Risk Focused NCUA Exam Process

- Teri Robinson: Faith in Serving the Underserved
- Angel Santos: Small Credit Union Resources

Click [here](#) for more information and the [full brochure](#).

Registration is FREE for up to 3 registrants per credit union for all NJCUL member credit unions under \$50 million in assets. To register, send an email to Mary Zelinsky at mzelinsky@njcul.org or call [800-7928861](tel:800-7928861) ext. 100. Please include the names of all registrants from your credit union.

Thank you to our generous sponsors that make this conference possible: Aspire FCU, Credit Union of New Jersey, and XCEL FCU.



June 10, 2014
VirtualCorps Webinar:
Emerging Leadership:
Public Speaking &
Presentation Skills
3:00 pm to 4:00 pm
[More Information Click Here](#)

June 11, 2014
Webinar: Completing the
CTR Report Line by Line
3:00 pm to 4:30 pm
[More Information Click Here](#)



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[\[BACK TO TOP \]](#)

FHLBanks Weigh-In on RBC Proposal, Would Place CUs at Disadvantage

WASHINGTON – The 12 Federal Home Loan Bank presidents warn that NCUA’s plan to revise its prompt corrective action rule for risk-based capital could have negative consequences both for credit unions and for homebuyers in their communities.

In a May 28 comment letter, the home loan bank presidents note that the proposed risk weights for mortgages in the RBC plan increase as the percentage of mortgages to total assets held by a credit union increases.

"Consequently, credit unions that serve the needs of their members by issuing mortgages would be negatively impacted if they retain these mortgages on their balance sheets," the FHLB letter cautions.

It further warns, "This would put credit unions at a competitive disadvantage to other financial institutions that hold such mortgages under less restrictive regulatory standards and would also prevent credit unions from holding mortgage collateral that can be used to access liquidity through the FHLBanks and support mortgage lending within their communities.

"Therefore, we request that the limits imposed with respect to mortgages be revised to be more in line with other bank regulatory standards."

The FHLB presidents also asked the NCUA to bring its proposal more in line with banks' and thrifts' capital rules in the risk weights assigned FHLBank capital stock.

In contrast to the risk-based capital rules for banks and thrifts, the NCUA's proposed framework would assign risk weights to all investments, regardless of credit quality, based on the weighted average life (WAL) of the investment.

Under current and proposed Basel rules for risk-based capital, claims on government-sponsored entities, including the home loan banks, are assigned a 20% risk value.

Under the NCUA's WAL approach, the FHLBank letter says, the same stock could be subject to risk weightings of 20% or 75%, depending on the class of capital stock. Furthermore, investments in FHLBank consolidated obligations could be subject to risk weightings that range from 20% to 200%, depending on their WALs.

"This treatment by the NCUA will require credit unions to hold more risk-based capital against their holdings of FHLBank Capital Stock and FHLBank Consolidated Obligations than other depository institutions are required to hold," the letter notes.

It warns that, in addition to placing credit unions at a disadvantage compared to other depository institutions, this requirement could restrict credit unions' extension of needed credit to the communities that they serve.

[[BACK TO TOP](#)]

Do You Have 25+ Years of Service to the NJ CU Movement?

At this year's Convention, the League would like to recognize those with 25+ years of service at their respective credit unions on a meter board, as we've done in previous years.

We are not using lists from previous years. If not provided, names will not be listed.

If you have over 25 years of service, or know of someone at your credit union, please let the League know by contacting Yvette Segarra at ysegarra@njcul.org with the following information: name, credit union, and number of years of service at the credit union.

In order to be included, names must be received no later than **August 15th**.

Any questions, please contact Yvette Segarra.

[[BACK TO TOP](#)]

Report: CUs Need Tech to be Top of Millennials' Minds

WATERLOO, Canada –When it comes to serving millennials, think pragmatism, not philosophy, and it wouldn't hurt to reinforce the difference between credit unions and other financial institutions.

Debunking the idea that millennials base their purchasing practices on values, the May 28 Digital Fieldwork report contends that credit unions aren't high on the list because of a lack of awareness and a perception that they are behind the times technologically.

"Millennials are very pragmatic and have high expectations around

technology," said Laurie Paleczny, co-founder of Digital Fieldwork. "If convenience and functionality aren't there, they'll do business with banks, even if they do not always respect their values."

"Strangers in the Night: Credit Unions, Millennials and Digital Behavior" examined thousands of online data points for 18- to 34-year-olds from January to April.

Although millennials may have positive attitudes toward credit unions and negative ones toward banks, they still are confused about the differences. The question of "What is a credit union?" is asked on Google and user forums such as Reddit—most frequently by those considering switching from a bank.

Digital Fieldwork noted that millennials crowd source their financial advice on blogs and forums—areas that provide anonymity—not on Facebook, which is better for social engagement.

With more industry stakeholders than consumers as followers, Twitter is in effect an echo chamber for credit unions—40% of a credit union's followers follow at least one other credit union—the report noted.

[\[BACK TO TOP \]](#)

Don't Miss Next Tuesday's VirtualCorps Webinar: CDCU's Access to Grant Funding, Secondary Capital

Are you an LID Credit Union but not sure about CDFI? Want to learn about the benefits of the CDFI and possibly prepare to apply for a grant?

The June 3rd VirtualCorps "Access to Grant Funding, Secondary Capital: Growth-winning strategies for Community Development Credit Unions" is the Webinar to watch! Join us next Tuesday from 3 p.m. to 4 p.m. for the cost of only \$99 per connection!

[Register Here.](#)

You'll learn the benefits from the CDFI grant that help with:

- Loan Loss Reserves
- Capital Reserves
- Personnel (Salary and Fringe Benefits)
- Training, equipment, etc.

Join VirtualCorps.com and the NJCUL along with our guests:

- Pablo DeFillipi, VP Membership Business Development,
- National Federation of CDCU's
- Helen Godfrey Smith, CEO Shreveport FCU
- John Felton, CEO Southern Chautauqua FCU

Highlights

The Community Development Credit Union (CDCU) may be the best replicable model for providing affordable capital and financial services in low- and moderate-income areas. This session will cover growth and income opportunities for CDCUs, including grant opportunities with NCUA and the U.S. Treasury CDFI.

Who Should Attend

Managers/CEO's/ CFO's, and interested staff of small to mid-sized credit unions serving low-income segments.

Many mid-large asset sized credit unions are eligible to realize the benefits of the NCUA's nationally recognized Low-Income Designation (LID) as well as the U.S. Treasury Department's Community Development Financial Institution certification (CDFI).

VirtualCorps.com™

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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[\[BACK TO TOP \]](#)

June 1st Sprint CU Member Discount Program Deadline Fast Approaching

Sign Up Today and Join the 89 NJ CUs Already Participating!

The deadline is fast approaching for those credit unions in New Jersey who do not already offer Sprint to their members, but want to sign up and qualify for 75% of the Sprint Marketing Incentive for the 2013-2014 year.

The Sprint CU Member Discount program has flourished over the past 8 years with now **1,924 credit unions** nationally offering the discount to their members, over **1,191,932 activations** and nearly **\$472 million saved** by credit union members.

There is no cost for participating in this program. Not only do members receive a terrific savings, but the Sprint CU Member Discount program is one of the easiest ways for credit unions to generate non-interest income. There are now **89 New Jersey credit unions** signed up with Sprint! The deadline for new credit union sign ups and ordering inserts for your July statements is June 1, 2014.

Contact Angel Santos at [1-800-792-8861 ext. 109](tel:1-800-792-8861) or e-mail asantos@njcul.org to sign up today.



[\[BACK TO TOP \]](#)

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

June 3 -- Full-Day: Staff Session: Becoming a World Class “Member Centric” Service Credit Union

June 3 -- VirtualCorps Webinar: CDCU’s Access to Grant Funding, Secondary Capital

June 4 -- Full-Day: Management Session: Becoming a World Class “Member Centric” Service Credit Union

June 5 -- Full-Day: Staff Session: Becoming a World Class “Member Centric” Service Credit Union

June 7 -- Small Credit Union Conference: Driving Success – Strategies that Work

June 10 -- Executive Leadership Series Session: Credit Union Differentiation Strategies

June 10 -- VirtualCorps Webinar: Emerging Leadership: Public Speaking & Presentation Skills Fundamentals

June 20 -- 2014 Compliance Conference: Plan Your Next Move!

Industry Events

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

June 6 -- Credit Union of New Jersey Foundation Coach/Cash Bingo in Support of the Ewing Community Disaster

June 17 -- South-Central Chapter Meeting: Enterprise Risk Management

June 24 -- NJ READ Meeting

July 17 -- NCUA Chairman Listening Session: Regions I & II in Alexandria, Va.

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 20 -- [Renaissance Community Development Credit Union's 7th Annual Bike-A-Thon](#)

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

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

[\[BACK TO TOP \]](#)

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