

Subject: The Daily Exchange -- June 18, 2014
Date: Wednesday, June 18, 2014 11:43 AM
From: New Jersey Credit Union League <news@njcul.org>
Reply-To: news@njcul.org
To: staff@njcul.org
Conversation: The Daily Exchange -- June 18, 2014

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The Daily Exchange

June 18th, 2014

Today's News:

- › Chapter News: Molina Addresses ERM at Last South-Central Chapter Meeting of the Season; Northern Chapter Officials Elected
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- › *Nerdwallet*: Merchants Do Not Pass on Interchange Savings to Consumers

Chapter News: Molina Addresses ERM at Last South-Central Chapter Meeting of the Season; Northern Chapter Officials Elected

HIGHTSTOWN, N.J. – The South-Central Chapter of New Jersey credit unions closed out its chapter season with a well-attended lunch meeting featuring CUNA Mutual Group's Carlos Molina presenting on Enterprise Risk Management and the benefits of implementing a policy.



Speaker Carlos Molina gives the thumbs up at the South-Central Chapter Meeting.

Also during the meeting, Chapter President Gary Chizmadia announced that the South-Central Chapter will be a Rosé Sponsor for the New Jersey Credit Union Foundation's upcoming "Wine, Lose or Draw" fundraiser (see related story below).

Savings to Consumers
› Retailers Appeal Credit Card Interchange Fee Lawsuits Settlement
› Credit Unions, Mark Your Calendars



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.

Draw Fundraiser (see related story below)

The South-Central Chapter will resume meetings in September 2014.

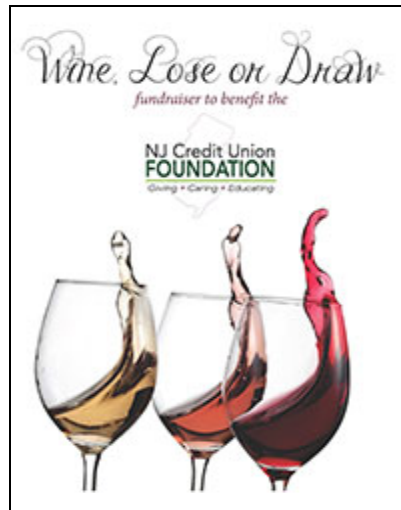
In other chapter news, at its meeting Monday evening, the Northern Chapter of Credit Unions elected new officials. Eddie Daniels, Newark Board of Education ECU, was elected President; Jim Miller, Jr., Liberty Savings FCU, was elected Vice President; Michele Weiss, Liberty Savings FCU, was elected Treasurer; and Cedric McPherson, Newark Post Office CU, was elected Secretary.

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Convention Corner: Join the NJ CU Foundation for Wine, Lose or Draw!

Support the Foundation and Wine Some Wine!

ATLANTIC CITY, N.J. – The New Jersey Credit Union Foundation is hosting a brand new event in conjunction with the New Jersey Credit Union League's 80th Annual Meeting & Convention September 21-23, 2014 at the Trump Taj Mahal in Atlantic City... Wine, Lose, or Draw!



NJCUL Convention attendees can purchase raffle tickets for \$20; for each ticket purchased, the attendee is guaranteed to win a bottle of wine (or other spirit) ranging in price from \$10 to \$1,000 dollars. Everyone is a winner and all the proceeds will support the Foundation's grant-giving focus!

Your contributions help fund programs like Reality Fairs for high school and college students and Retirement Fairs for credit union SEG development as well as New Jersey credit unions' partnership with the New Jersey Coalition for Financial Education.

There are great sponsorship opportunities as well: Champagne (\$1,000); Red (\$750); White (\$500); and Rosé (\$250). Each sponsor will have a premium item auctioned in their name and special signage at the "Wine, Lose, or Draw" booth in the NJCUL's packed Exhibit Hall.

For more information, visit www.njcul.org/wine.aspx or click [here](#) for the full brochure.

For questions, contact Foundation Executive Director Candice Nigro at cnigro@njcul.org or 800-792-8861 ext. 110.

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Rep. Perry Urges 'Changes and

Upcoming Events:

June 20, 2014
**2014 Compliance
Conference: Plan Your Next
Move!**
**Location: Holiday in of East
Windsor**
8:30 pm to 4:00 pm
[More Information Click Here](#)

June 24, 2014
NJ READ Meeting
Location: NJCUL
10:00 am to 12:00 pm
[More Information Click Here](#)

June 25, 2014
**Webinar: Mainstreaming
Mobile Remote Deposit
Capture: Adoption,
Deployment, Operations &
Risks**
3:00 pm to 4:30 pm
[More Information Click Here](#)

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Rep. Perry Urges Changes and Clarifications' for RBC Proposal

WASHINGTON – Rep. Scott Perry (R-Penn.) became the latest congressman to weigh in on the NCUA's risk-based capital (RBC) proposal with a letter Tuesday. Perry requested further clarifications and changes to the proposal, which sets a higher risk-based requirement on top of the 7% leverage ratio required of credit unions to be well-capitalized.

His letter specifically requests that the NCUA board take into account the cost and burden of implementing the proposed rule and an NCUA board perspective on how the proposed concentration-based risk weights are calibrated and why they differ from bank weights.

Perry classified credit unions' function as "an important source of liquidity" during the financial crisis of the past few years, adding "these cooperatives did not engage in the risky lending practices that led to the crisis, and nearly all maintained their well-capitalized status."

The letter cites the NCUA's report that the 10 credit unions that would become undercapitalized as a result of the proposed rule would need to retain \$63 million in risk-based capital to become adequately capitalized. It also mentions the estimate from industry representatives, including CUNA, that the number could be as high as \$7 billion in capital drawn out of the economy.

"Because of credit unions' limited avenues for raising capital, this proposal likely would force them to charge higher lending and financial services fees, reduce dividend payments to members and deter new depositors," the letter reads. "Before proceeding with a final rule, I urge the NCUA to consider the economic impact and consequences of reduces liquidity and financing for families and small businesses."

Perry also expressed reservations over the 18-month implementation timeline currently proposed by the NCUA, citing concerns that it is "much too short for credit unions appropriately to recalibrate their books without adversely impacting service to their members" and urging the NCUA to give more time to stakeholders who wish to comment and for credit unions to implement the rule once it becomes final.

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NCUA to Host Second Anti-Money Laundering Webinar on June 25th

Learn How to Recognize Emerging Issues in Money-Laundering Compliance

ALEXANDRIA, Va. – The NCUA will host part two of its Webinar series, "How to Be in Compliance with OFAC and FinCEN" on Wednesday, June 25, at 2 p.m. Eastern.

Using real-world scenarios and case studies, this Webinar will explore emerging issues in anti-money laundering compliance that credit unions could face in their daily operations. Diane Rector, Training Manager with NCUA's Office of Small Credit Union Initiatives, will host leading compliance experts, including:



- Rachel Nagle, Senior Advisor for Compliance Programs, Office of Foreign Assets Control
- Anthony Harris, Deputy Office Director, Liaison Division, Financial Crimes Enforcement Network
- Thomas Lawler, Compliance Project Officer, Financial Crimes Enforcement Network

The panel will also provide examples of best practices that can help credit unions create a well-developed and well-implemented Bank Secrecy Act and anti-money laundering program. In addition, participants will be able to ask questions about their own compliance concerns.

Staff from NCUA's Office of Examination and Insurance will also participate in the Webinar.

Online registration for this free Webinar is now open [here](#). Participants will also use this link to log into the Webinar. Registrants should allow pop-ups from this Web site.

Participants may submit questions in advance at WebinarQuestions@ncua.gov. The subject line of the email should read, "OFAC and FinCEN Compliance Webinar." Participants with technical questions about accessing the Webinar may email audience.support@on24.com.

Webinar participants will also receive a certificate of attendance if they individually participate in the survey offered during the Webcast and take a short quiz at the end of the Webinar.

This Webinar will be archived and closed-captioned online, [here](#), approximately three weeks following the live event. An archived version of part one of this Webinar series is available [here](#).

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Polish & Slavic FCU Awards \$200,000 in Scholarships to 231 Students

Nation's Largest Ethnic Credit Union Celebrates 14 Years of Education Grants To Members

BROOKLYN, NY – Marking its 14th year of providing educational grants to students, the Polish & Slavic Federal Credit Union awarded more than \$200,000 in scholarships to 231 members last week, as part of the credit union's commitment to encouraging education among its members.

Since its first scholarship program in 2001, PSFCU has awarded more than \$3 million in financial aid to more than 2,500 members pursuing a college education.





Scholarship recipients at the New Jersey ceremony.

This year's recipients include 139 high school graduates and 85 college students, as well as six elementary and middle school pupils participating in the "Astronomical Adventure with Copernicus" program.

Given the credit union's geographic reach, this year's scholarship awards ceremonies were held in three separate locations: Fairfield, N.J.; Greenpoint, Brooklyn; and Mt. Prospect, IL. The actress Dagmara Dominczyk was the guest speaker at the New Jersey ceremony, while NCUA Board Member Michael E. Fryzel was the honored guest at the Chicago area event, and the actor Olek Krupa presented at the Brooklyn function.



Scholarship recipients at the New York ceremony.

"Our younger members are more capable and more ambitious than ever. I have worked in Brooklyn's Polish schools for nearly 30 years, and I have witnessed the growth and potential of these students over the years. They have ambition and the intelligence to succeed," said Bozena Kajewska-Pielarz, a PSFCU Board of Directors Member.

An affinity with Polish roots was a common theme at each scholarship awards ceremony. Ms. Dominczyk, who was forced with her family to emigrate to the U.S. from Poland when she was seven years old because of her father's work for the cause of Polish independence,

stressed the importance of Polish pride, and never being ashamed of your heritage.

“For 14 years we have helped make the ‘American Dream’ come true for so many of our members – young and old. This program has helped 2,500 students, many of whom attended such prestigious universities as Harvard, Yale, Columbia, Stanford, NYU and the Massachusetts Institute of Technology. Our credit union scholarship program is just one example of how we work to better the lives of our members, generation after generation,” said Bogdan Chmielewski, CEO/President of PSFCU.

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There's Still Time to Register for Friday's Compliance Conference!

Register ASAP to Plan Your Next Move!

EAST WINDSOR, N.J. – NJCUL's annual Compliance Conference is this Friday! Register ASAP to join fellow compliance professionals and credit union leaders for the informative and in-depth, full-day conference taking place at the Holiday Inn of East Windsor.



Hear from compliance experts from the NCUA, CFPB, and CUNA Mutual Group as well as credit union attorney Michael Dupont and Kristen Tatlock from Compass 4 CUs, LLC on a range of topics to help you plan your next move, including compliance hot topics, the latest from the CFPB, the vacant foreclosure process,

NCUA's 2014 exam focus, what's new in fair lending regs and exams, and more!

The cost to attend is \$209 per person for credit unions \$150 million and above, \$149 per person for credit unions \$50-150 million, and \$69 per person for credit unions under \$50 million.

Get your registrations in ASAP!

More information and the registration form are available [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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Free PISA Financial Literacy Assessment Pre-Release Webinar on June 26th

June 26, 2014

2:00-3:00 p.m. EDT

Webinar will Provide Information on the Study and Students' Financial Literacy Around the World

In 2012, the Program for International Student Assessment (PISA) administered the first large-scale international study of the financial literacy of young people. Fifteen-year-olds in 18 education systems, including the United States, were assessed in four key areas of financial literacy: money and transactions, planning and managing finances, risk and reward, and financial landscape. Students were also surveyed about their experiences related to financial literacy and school principals provided information about the provision of financial education in their schools.

Results from the PISA financial literacy assessment will be released by the OECD (Organization for Economic Cooperation and Development) on July 9. The pre-release Webinar on June 26 will provide information about the study and the kind of data that will be available about students' financial literacy around the world.

Presenters

- Louisa M. Quittman, Director, Financial Education, Office of Consumer Policy, U.S. Department of the Treasury
- Dana Kelly, Vice Chair, PISA Governing Board, National Center for Education Statistics, U.S. Department of Education

Register and submit questions [here](#).

This is a listen-only event, but questions can be submitted during registration and through a Q&A chat room during the Webinar.

Click [here](#) for more information about PISA and the PISA assessment of financial literacy.

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NerdWallet: Merchants Do Not Pass on Interchange Savings to Customers

MADISON, Wis. – An article on *NerdWallet.com* Tuesday describes how merchants reacted to the interchange fee cap rule by pocketing the difference rather than passing the savings along to consumers.

The article outlines the findings of a paper published by Todd Zywicki, a published, nationally recognized expert on consumer credit. He, along with colleagues at the International Center for Law and Economics, just studied the effects of the interchange rule.

Prior to the new law, interchange fees would be assessed by issuers, such as Visa and MasterCard, to merchants when a credit or debit card transaction was executed. Debit card usage was usually free of charge to the consumer. On average, the financial institutions would end up getting 2% of the transaction as interchange fees.

The interchange rule was intended to cap the fees, and was supposed to limit them to charges that were "reasonable and proportional to the actual cost" of the service. It reduced the fees financial institutions were collecting, allowing merchants to save money, which, they argued during the legislative battle that won the cap--they would pass along to consumers. Not so, says *NerdWallet*.

Under the interchange rule, merchant fees are capped at 1.12%. "Yet they keep that 0.88% difference rather than pass on savings to consumers," *NerdWallet* explained in the article. "What genius politician thought that merchants would pass on those savings? There is no incentive for them to do so. Merchants are businesses. If a business finds a way to save on costs, they will save on costs, which increases their net profit."

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Retailers Appeal Credit Card Interchange Fee Lawsuit Settlement

WASHINGTON – The National Retail Federation (NRF) and the Retail Industry Leaders Association (RILA) requested that an appeals court overturn a judge's approval of a lawsuit settlement involving credit card interchange fees from Visa and MasterCard. The two retailer organizations claim the settlement was negotiated by a select group of merchants.

U.S. District Court Judge John Gleeson in December 2013 ruled in favor of the settlement, and the appeal has been filed with the 2nd U.S. Circuit Court of Appeals in New York.

"A broad cross section of the American retail industry numbering thousands of businesses from iconic national department store chains and general merchandise chains to apparel outlets, specialty shops, restaurants and one-location Main Street stores thoughtfully analyzed the settlement and concluded that it offers them no benefit," reads a brief filed by the NRF and RILA Wednesday. "While a settlement this skewed was bound to be unpopular, the extent of dissatisfaction within the retail industry has been extraordinary."

The brief cites a number of what merchants claim are legal errors in the decision, including failure to adequately balance the monetary relief against the requirement to give up future legal claims, dismissing "substantive and thoughtful" opposition and ignoring a court-appointed expert's opinion that the proposal for surcharging was of "uncertain" value that would "have only a small impact" on interchange fees.

Opponents of the settlement claimed it "fails to reform the price-fixing system under which Visa and MasterCard set fees for credit cards," cards issues by thousands of financial institutions around the country.

The card companies proposed in the settlement that instead of lower fees, a surcharge be passed along to consumers. According to the

NRF and RILA, major retailers rejected the surcharge proposal saying it was the opposite of what they had sought.

The lawsuit was originally filed in 2005, and was brought by 19 retailers and trade associations. Ten of those plaintiffs, including all of the associations, rejected the settlement when it was proposed in 2012.

Click [here](#) for the brief filed by NRF and RILA.

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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

June 20 -- [2014 Compliance Conference: Plan Your Next Move!](#)

July 8 -- [VirtualCorps Webinar: Millennials Want Convenient Access to...Products and Services We Don't Have?](#)

July 15 -- [VirtualCorps Webinar: Negotiating Your Executive Compensation Package](#)

Industry Events

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](#)

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