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**Conversation:** The Daily Exchange -- June 24, 2014

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The Daily Exchange

June 24th, 2014

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## CUNA Meets with NCUA Chair on RBC Suggestions

WASHINGTON – NCUA Chair Debbie Matz reiterated the agency's willingness to consider significant changes to its risk-based capital (RBC) proposal in a Thursday meeting with CUNA.

During the meeting, which included agency senior staff, CUNA raised a number of concerns. The association's analysis indicates unnecessary and harmful overcapitalization would result if the proposal is adopted as issued for comment in January.

"We are encouraged that NCUA is considering revisions to many, if not most aspects, of the proposal," CUNA Interim President/CEO Bill Hampel said. He emphasized that many credit unions question the need for a new RBC proposal, given the health and economic performance of credit unions during the recent severe financial crisis. CUNA strongly opposes the current proposal, as addressed in its comment letter filed May 28 with the agency.

More than 2,000 comments letters were filed with NCUA from both credit unions and current and former Capitol Hill lawmakers, the largest number of comments letters ever filed in response to an NCUA rule proposal. In addition to the NJCUL, 121 letters were filed by N.J. credit unions and more than one-half the members of the state's U.S. House delegation signed the Reps. King-Meeks letter.

Matz stated that the agency has had many internal discussions on a number of the issues that CUNA has raised and welcomed further dialogue with the association and credit unions. A central theme of the discussion was how to distinguish the small number of problem credit unions that should hold more capital from well-run credit unions that already have more than sufficient capital and can manage their risks while covering any losses.

"We feel the discussion was frank and constructive," said CUNA's



## 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](mailto: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:

July 15, 2014  
VirtualCorps Webinar:

General Counsel Eric Richard.

Consistent with its comment letter, CUNA urged the agency to adopt a range of recommendations to achieve a more favorable outcome for credit unions. The key revisions that CUNA is seeking include major improvements to:

- Lower the RBC requirement for a credit union to be well-capitalized so that it is no higher than the RBC requirement to be adequately capitalized;
- Retain the 1% NCUSIF deposit in the calculation of RBC;
- Address the provision that would authorize NCUA to impose additional minimum capital beyond what the rule requires;
- Revise key risk-weightings, particularly in the areas of member business loans, mortgages, mortgage servicing and CUSO investments;
- Develop a more complete definition of "complex" credit unions so that fewer credit unions will be covered by the rule; and
- Provide ample time for credit unions to comply with a RBC final rule.

Hampel highlighted CUNA's concern that interest rate risk should be addressed as a supervisory or regulatory issue, and not as part of a risk-based capital requirement. He also recommended that supplemental capital should be permitted by regulation for RBC purposes for any federally insured credit union.

The NCUA is now holding three public Listening Sessions across the country to give interested parties more opportunity to comment and ask questions. The first session is Thursday in Las Vegas.

NJCUL will attend the July 17 session in Alexandria and will provide transportation for interested members.

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

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

RBC Comment letters filed by the NJCUL and NJ credit unions are available [here](#).

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## Convention Corner: Where Will Your Members Be in 2016?

ATLANTIC CITY, N.J. – Breathe a sigh of relief. You’ve made it through the last three years with your credit union and members substantially intact. Many of you have even seen significant growth. Now, take a deep breath, and get ready for the



**Negotiating Your Executive Compensation Package**  
3:00 pm to 4:00 pm  
[More Information Click Here](#)

**July 16, 2014**  
**Webinar: Overdraft Protection Review, Update & Issues**  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

**July 22, 2014**  
**Webinar: Ensuring Data Security: What You Need to Know**  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

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#### Connect with Us:



pace of change to accelerate.

The next three years will see a majority of your members literally a click away from both new and existing competitors, according to Tim Lerew, an expert in applying technology and change management to strengthen financial institutions.

Member needs continue to evolve, and powerful forces are emerging that will compel new mergers and fresh challenges for credit unions of all sizes. The best FIs' Web sites don't just provide access to accounts, they provide active money management tools as well as blended, personal service, sales and support. Demographic-driven change will demand new products and services.

At Lerew's Monday afternoon session, attendees will see the picture of a new financial services landscape emerge as the dots of both current and emerging trends are logically connected and will be equipped to make the most of their next strategic planning sessions and retreats.



Hear from Lerew and other industry experts at our 80th Annual Meeting & Convention September 21, 2014 through September 23, 2014 at the Trump Taj Mahal in Atlantic City, NJ.

More information and registration is available on our Convention Web site [www.njcuconvention.com](http://www.njcuconvention.com).

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## NCUA Hosting Free Webinar on Mobile Apps July 9th

### *Learn How Mobile Applications Are Changing the Financial Services Landscape*

ALEXANDRIA, Va. – The growing use of mobile applications (apps) and the rewards and risks associated with their usage will be discussed during a free Webinar "Mobile Applications – The Next Step" hosted by the NCUA on Wednesday, July 9, 2014, at 2 p.m. Eastern.

Mobile applications are one of the fastest growing segments in the financial services industry today. Webinar participants will learn how consumers are using mobile technology and mobile applications to meet their financial needs. In addition, participants will hear from credit unions that have successfully developed and implemented their own mobile strategies.

Dominic Carullo, Economic Development Specialist with NCUA's Office of Small Credit Union Initiatives, will host a panel of experts in the field of mobile technology and applications, including:

- Rob Gaynor, Founder and Chief Product Officer, Malauzai
- Todd Riggelman, Chief Executive Officer, Algar Federal Credit Union
- Tansley Sterns, Chief Impact Officer, The Filene Institute
- Laurie Bryan, Consultant, Fiserv
- Lisa Minor, Payment Systems Specialist, NCUA's Office of National Examinations and Supervision

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](mailto:WebinarQuestions@ncua.gov). The subject line of the email should read, "Mobile Applications Webinar." Participants with technical questions about accessing the Webinar may email [audience.support@on24.com](mailto:audience.support@on24.com).

This Webinar will be closed captioned and then archived online [here](#) approximately three weeks following the live event.

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## CDRLF, CDFIF Votes Among Scheduled Items on Capitol Hill

WASHINGTON – Legislation setting the funding for NCUA's Community Development Revolving Loan Fund Program (CDRLF), as well as the U.S. Treasury Department's Community Development Financial Institution (CDFIF), will be voted on this week by the House and Senate appropriations committees. The votes will be today and Wednesday, respectively.

Last week, the House Appropriations subcommittee on general government passed the fiscal year 2015 appropriations bill by a voice vote. That bill would set funding for the CDFIF program at \$230 million, an increase from \$226 million last fiscal year. The CDFIF is designed to help promote access to capital and local economic growth in urban and rural low-income communities through monetary awards and the allocation of tax credits.

The bill also contains \$1.071 million for the CDRLF program. These funds are available for technical assistance for low-income designated credit unions.

Also of potential interest to credit unions this week are House Financial Services Committee and Senate Banking Committee hearings on "The Financial Stability Oversight Council Annual Report to Congress" today and Wednesday, respectively.

At the conclusion of this week's session, the House and the Senate will both be in recess until the week of July 7.

## CUNA Looking for Input on CFPB 'Special Information Booklet' Revision

CFPB is beginning the revision process for the “Special Information Booklet” (settlement cost booklet), which lenders are required to provide to borrowers within three days of receiving an application for a mortgage. As you know, this booklet describes the various stages of the home-buying process, including the sales agreement, the Good Faith Estimate, the HUD-1 Settlement Statement, and how interest rates, points, balloon payments, and prepayment penalties can affect monthly mortgage payments.

The CFPB is soliciting feedback to better understand how the booklets are used and how they can be revised to be more helpful for consumers.

CUNA will be meeting with the CFPB on July 9th to discuss this project. CUNA would like to hear from credit unions regarding:

- How and when you distribute the booklets,
- What percentage of borrowers may receive the booklet in advance of the three-day requirement, and
- Whether changes in formatting might help you provide the booklets earlier in the process.

Any additional comments you have about the booklet and how it should be revised to better serve its purpose are welcome.

Please send your input to Jared Ihrig at [jihrig@cuna.com](mailto:jihrig@cuna.com) or [cucomply@cuna.com](mailto:cucomply@cuna.com).

## Power Up Your Millennial Market

### *July 8 VirtualCorps Webinar Focuses on Products Needed to Attract and Retain this Generation*

The July 8th VirtualCorps Webinar “Millennials Want Convenient Access to...Products and Services We Don’t Have?” is focused on the products needed to attract and retain Millennials.

The conversation, lead by Scott Butterfield, will include Alternative Financial Services, which include prepaid debit cards, check cashing and payday loans. Sure this generation wants convenient access and technology (the more the better), but they also want access to products they value.

#### Highlights

- Learn about the financial services Millennials are looking for – Alternate Financial Services
- Discuss emerging new markets and sustainable business models for serving the demographic

- models for serving the demographic
- Hear about credit union best practices

### Takeaways

- Steps for an external assessment to identify local Alternative Financial Service Providers
- Steps for an internal assessment to identify potential product and service opportunities for serving new potential Millennial members.
- Understanding the sustainable business model for Alternative Financial Services.

**Time:** 3 p.m. to 4 p.m.

### Cost:

Live Webinar Only: \$99

Recorded Version Only: \$99

Live Webinar & Recorded Version: \$125

### Registration

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

**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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## FileNet Report: Members' Financial Health Better with CU Coaching

MADISON, Wis. – People want to save money, but often they need help acquiring the skills necessary to achieve their savings goals.

That's the thesis of a report released by the FileNet Research Institute this month, which demonstrates how a credit union can positively affect the financial health of its members, particularly those with low to middle incomes, by offering personalized financial management interventions.

The report illustrated the importance of this type of financial coaching by describing the results of a pilot program administered in a Portland-based credit union that compared individuals who received financial

based credit union that compared individuals who received financial intervention with those who didn't.

Members who received help from a financial coach, the report found, earned 21% more in savings.

"The pilot has demonstrated that customized, one-on-one coaching sessions can help individuals remain accountable to their financial goals," Filene said. "For credit unions, the key is to remain invested in these individuals as they leave your branches."

The pilot program, Financial Health Check, was created by a nonprofit organization called ideas42, which hopes the program can lead to better financial health, especially for those lower on the income chain.

The nonprofit randomly selected members of a credit union to work with a coach who, among other steps, helped them set up automatic payments to increase their savings balance. ideas42 was able to compare two groups of about 400 people.

In addition to the pilot, the report also described what services an efficient financial advice product might feature, including guidance for members in setting specific goals, following through on intentions, setting up reminders and monitoring progress.

The bottom line? According to the report: "The more involved credit unions are in the financial lives of their members, the more success they will have in helping their members sustain financial responsibility."

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## Registration for CMG's Online Discovery Conference to open Mid-August

It's that time of year again! Registration for CUNA Mutual Group's 5th Annual Online Discovery™ Conference will open in mid-August and the event will launch on October 15, 2014. Credit union professionals can attend this virtual conference to gain insight into industry trends and important topics. There is no cost to attend.

The conference is targeted to CEOs and those in senior leadership positions, but all credit union employees are welcome and encouraged to register. At the event attendees can:

- Participate in virtual sessions and ask questions during the Q&A sessions
- Visit the Discovery Expo Center
- Virtually network with industry professionals, and trade business contact information

This conference is open to anyone, has no expensive travel or registration costs, and can be accessed right from the comfort of the office. Professionals can utilize the event as much or as little as they desire while working around their daily work schedules. An added benefit is that all content will be available "on demand" for several months following the conference.

Be sure to save the date for the Online Discovery™ Conference. You won't want to miss it!



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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**

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](#)

July 26 -- [NCUA Office of Small Credit Union Initiatives' 2014 Newark Boot Camp](#)

### **Industry Events**

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 6 -- [Miracle Marathon Pep Rally](#) (rain date Sept. 13)

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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