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The Daily Exchange -- September 3, 2014

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The Daily Exchange

September 3rd, 2014

Today's News:

- › CU Lending Growth Highest Since 2006, According to NCUA 2Q Numbers
- › It's a Bird...It's a Plane...It's Team Aspire!
- › CUNA Meets with NCUA on Status of RBC Plan
- › Join the Convention Conversation on Twitter!
- › USA TODAY's 'Snapshot' Highlights Climbing CU Membership
- › Tuesday's VirtualCorps Webinar will Discuss Auto Loan Participations
- › 60% Call CUs Trustworthy in Latest Chicago Booth/Kellogg School Index
- › Love My Credit Union Rewards August Newsletter & Frontline Update Now Available
- › NCUA Hosting Merger Best Practices Webinar
- › Latest CUNA Regulatory Advocacy Report Now Available
- › Credit Unions, Mark Your Calendars

CU Lending Growth Highest Since 2006, According to NCUA 2Q Numbers

ALEXANDRIA, Va. – In the second quarter of 2014, federally insured credit unions saw the highest year-over-year loan growth since 2006, the NCUA announced Tuesday. Outstanding loan balances rose 9.8%, to \$673.9 billion, from the second quarter of 2013, according to call reports from the quarter ending June 30.

According to data from the NCUA:

- New auto loans grew 17% to \$77.7 billion;
- Used auto loans increased 11.6% to \$135.3 billion;
- Net member business loan balances rose 12% to \$48.8 billion;
- Non-federally guaranteed student loans increased 26% to \$2.9 billion;
- Short-term small loan originations, a consumer-friendly alternative to predatory payday loans, were up 27.5% from the first half of 2013;
- First-mortgage real estate loans reached \$279.2 billion, up 9.9% from the second quarter of 2013. Of these outstanding loans, 61% had fixed rates; and
- Total loan growth over the year contributed to a 4.2 percentage-point increase in the overall loan-to-share ratio, which reached 71.7%, the highest ratio since the fourth quarter of 2010.

"Overall, the 1.4% monthly increase in loans (16.7% annualized) is the fastest monthly advance since August 2005, and the 10.2% year-over-year increase is the highest seen in nearly a decade," said Mike Schenk, interim chief economist at CUNA.

While the NCUA's data showed a slight decrease in long-term investments as a share of assets, NCUA Chair Debbie Matz said she did not believe it would be enough to alleviate NCUA concerns of interest-rate risk. The industry's net long-term asset ratio is currently

35.4%.

"Long-term, fixed-rate assets remain elevated, and interest-rate risk continues to be a key concern and a supervisory priority for NCUA," Matz said.

[[BACK TO TOP](#)]



We want our members to get the information they need without clogging their inbox. Take our brief [communication survey](#) so you can begin receiving content relevant to you and your function at your credit union.

All respondents will be entered to win a \$150 gift card each week for six weeks. For each survey completed, the League will also donate \$5 to Children's Miracle Network.

It's a Bird...It's a Plane...It's Team Aspire!

Creative You Update: Check-In with Team Aspire and their Innovative Online Platform!

CLARK, N.J. – It's time to check-in with our second Creative You team, Team Aspire!



In our latest team [check-in video](#), Aspire FCU's super hero Creative You team members Ginny Garbowski (Robin), Tiffany Masters (Batgirl), and Michael Tango (Mr. Invisible) give an update on how their new online platform can "save the day".

Visit our [home page](#) to view the video check-in with Team Aspire! The video is also available on the League's [YouTube](#) page.

Look for the final update from Greater Team Alliance in the coming weeks!

And don't miss the Creative You Presentations during Convention on Monday, September 23rd from 1:00 p.m. - 2:00 p.m.!

For more information on the Creative You program, visit www.njcul.org/creative-you.aspx. For more information on Convention, visit www.njcuconvention.com.

[[BACK TO TOP](#)]

Upcoming Events:

September 9, 2014
South-Central Chapter Meeting: cuGreenLoans
Location: Tommy's Inn, Millstone, NJ
5:30 pm to 8:00 pm
[More Information Click Here](#)

September 9, 2014
Southern Chapter Meeting: Risk Management
Location: Cousin Mario's,

CUNA Meets with NCUA on Status of RBC Plan

ALEXANDRIA, Va. – With the NCUA Listening Sessions almost seven weeks in the past, CUNA continues its work to inform the scope of the agency's risk-based capital (RBC) proposal. CUNA interim

Mays Landing, NJ
6:00 pm to 8:30 pm
[More Information Click Here](#)

September 10, 2014
Free cuGreenLoan Program
Information Session
Location: NJCUL and via
Video Conference
10:00 am to 12:30 pm
[More Information Click Here](#)

Contact Us:

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299 Ward Street
Hightstown, NJ 08520
[Driving directions](#)

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President/CEO Bill Hampel, General Counsel Eric Richard, and Deputy General Counsel Mary Dunn met with NCUA Chair Debbie Matz and agency senior staff Tuesday to follow up on credit unions' continued concerns.

"We appreciate the opportunity to meet with the chairman and continue to express our concerns. Among the issues we discussed today was that the proposed higher level for well-capitalized credit unions would negatively affect a number of credit unions' capital buffers. We have urged the agency to lower the well-capitalized RBC level," Hampel said. The NCUA's RBC proposal calls for a 10.5% RBC component for well-capitalized credit unions and an 8% RBC threshold for adequately capitalized credit unions.

As is widely known, the NCUA chair already has stated that the agency will be making changes in several areas, highlighted by CUNA, the state credit union leagues, and credit unions as needing change:

- Recalibrating the risk weights in areas such as mortgages and member business loans;
- Clarifying that only the NCUA board may impose additional minimum capital above the well-capitalized threshold; and
- Providing longer than 18 months for credit unions to comply once the rule is adopted.

CUNA welcomes changes in those areas. The agency may also consider whether the RBC treatment of the 1% National Credit Union Share Insurance Fund deposit as well as goodwill related to mergers should be revised and whether interest-rate risk should be managed as part of the supervisory process rather than under the umbrella of the RBC rule.

CUNA is also underscoring that the significant changes that are anticipated to the original proposal support credit unions having another opportunity to comment on the plan before it comes before the agency for a final vote.

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

Join the Convention Conversation on Twitter!

ATLANTIC CITY, N.J. – Keep the Convention and Creative You conversation going on Twitter! Follow the designated hashtags below to follow along if you're unable to attend and use the hashtags in your own tweets if you're at Convention to share your experience!



FOLLOW @NJCUL as well as hashtags #njcucon and #80yearsstrong for live tweets from the event. Also, #njcreativeyou for Creative You updates.

FOLLOW our staff, other attendees, and speakers to see what they're saying about the Convention.

RETWEET (RT) other tweets to spread the word to your followers.

USE MT INSTEAD OF RT when you want to retweet but need to shorten the original message to fit.

INCLUDE PICTURES as much as possible! Snap pics of the Exhibit Hall, the Creative You presentations, speakers and sessions, dinner banquet, and more!

For more information on the Creative You program, visit www.njcul.org/creative-you.aspx. For more information on Convention, visit www.njcuconvention.com.

[[BACK TO TOP](#)]

USA TODAY's 'Snapshot' Highlights Climbing CU Membership

WASHINGTON – The credit union movement's achievement of reaching 100 million memberships was broadcast to a national audience Tuesday as *USA TODAY* featured a graphic in its daily front-page "Snapshots" section that illustrates the movement's path to the milestone.

In 1973—numbers supplied by CUNA showed—credit union memberships nationwide topped 27.4 million. By 1993, credit unions were serving 65.5 million memberships.

And, of course, in June, credit unions hit the more than 100.1 million memberships mark, a number equating to one-third of the U.S. population. According to CUNA's monthly estimates from July, that number has since climbed to 100.5 million.

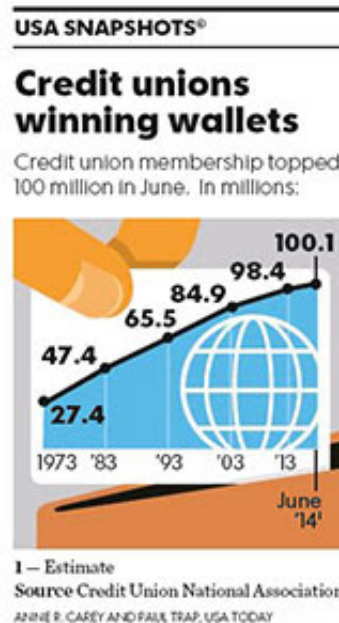
CUNA has launched a campaign to raise awareness for credit unions in step with the industry reaching the 100 million-membership milestone this summer.

The campaign includes the website www.americascreditunions.org, where credit union members nationwide can upload selfies of themselves with the hashtag #100MM and a brief note about why they are a part of the movement.

The *USA TODAY* graphic is also being shared via the publication's [Twitter account](#).

[[BACK TO TOP](#)]

Tuesday's VirtualCorps Webinar will



Discuss Auto Loan Participations

Discover How to Increase Your Loan to Share Ratio and Revenues!



Credit unions buying loan participations may benefit from diversifying their balance sheet, using excess liquidity to increase loan-to-share ratios and revenue. Yet, many credit union executives do not fully understand the loan participation process. Even fewer know how to locate and evaluate these opportunities. Tuesday's VirtualCorps Webinar, titled "Understanding, Locating and Evaluating Auto Loan Participations" will utilize a case study to broaden the knowledge of those in attendance on Understanding, Locating and Evaluating Auto Loan Participations and will address the following key areas:

- Auto loan participations
- NCUA Final Rule on Loan Participations – Parts 701 and 741
- Where do you turn to source these quality opportunities
- The Participation Process, from start-to-finish
- Those two most important words, "DUE DILIGENCE"
- Evaluating the originator
- Evaluating pool characteristics and loan economics

Speaker: [Mike Dorsett](#)

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

60% Call CUs Trustworthy in Latest Chicago Booth/Kellogg School Index

CHICAGO – Credit unions are holding strong on their position as trusted financial providers in the latest Chicago Booth/Kellogg School

Financial Trust Index, released Tuesday.

About 60% of respondents said they found credit unions to be trustworthy compared with 30% for big, national banks, "which tend to be for-profit and invest in financial products that are unfamiliar to many Americans," the [study's release](#) said.

"It is not just because of the not-for-profit motive of credit unions," said study co-author Luigi Zingales. "People trust more local than national banks and trust more credit unions than local banks. The more local an institution is, the more trusted it is."

Zingales, a professor at the University of Chicago Booth School of Business, and Paola Sapienza, a professor at the Kellogg School of Management at Northwestern University, surveyed 1,014 financial decision-makers June 18-25 for this year's index.

The Financial Trust Index also found that respondents were concerned with income and educational inequality. "While on average, the economy, the housing market, and the stock market are doing better, Americans fear that—because of income inequality—most of them will not enjoy the benefits of these improvements," Sapienza said.

Click [here](#) for the Chicago Booth/Kellogg School Financial Trust Index release.

[[BACK TO TOP](#)]

Love My Credit Union Rewards August Newsletter & Frontline Update Available

Follow the links below for the August edition of the Love My Credit Union Rewards Newsletter and Frontline Staff Update.

Newsletter Highlights:

- Love My Credit Union Rewards Consumer Website Goes Live
- New Promotions from DIRECTV and Sprint
- How Does Love My Credit Union Rewards Help You Boost Auto Loans

Feel free to share the [Newsletter](#) with your entire team!

Customize and distribute the [Frontline](#) Staff Update to all employees, which provides a one-page summary of all current Love My Credit Union Rewards offers.

Any questions, please feel free to contact anyone from the Love My Credit Union Rewards [team](#).



[[BACK TO TOP](#)]

NCUA Hosting Merger Best Practices Webinar

Learn Common Reasons for Mergers and Recommended Merger Best Practices

ALEXANDRIA, Va. – Mergers are a consequence of today's competitive financial industry, so the National Credit Union Administration will host a free Webinar, "Merger Best Practices," on Wednesday, Sept. 17, 2014, at 2 p.m. Eastern.

Dominic Carullo, Economic Development Specialist with NCUA's Office of Small Credit Union Initiatives, will be joined on the Webinar by Bob Jones, Economic Development Specialist with the Office of Small Credit Union Initiatives and Marilyn Daigle, Supervision Analyst with NCUA's Region 1 Office. Topics will include:

- When to consider merging
- Merger structure and negotiations
- Cardinal characteristics of a credit union heading towards merger
- How to maximize benefits for credit union members and staff

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, "Merger Best Practices." Participants with technical questions about accessing the Webinar may email audience.support@on24.com.

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

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

Latest CUNA Regulatory Advocacy Report Available

This week's Regulatory Advocacy Report will bring you up to speed on the following issues CUNA is working for on your behalf:

- What is the Status of NCUA's RBC Proposal?
- New NCUA Board Member McWatters: Getting to Know You
- CUNA Comments on NCUA Regulatory Review
- 8 CU Advisory Members, Senior Leaders Named by CFPB
- Update on FASB's Credit Losses Proposal
- CFPB and Departments of Defense, Education, and Veterans Affairs Sign Agreement to Protect Servicemembers
- NACHA Passes Two Rules to Increase ACH Network Quality
- Cybersecurity: NIST Seeks Info on User Experiences with Cyber Framework; FSSCC August Industry Newsletter

Read the full [Regulatory Advocacy Report](#).

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

September 9 -- [VirtualCorps Webinar: Understanding, Locating and Evaluating Auto Loan Participations](#)

September 10 -- [Free CuGreen Loan Program Information Session](#)

September 16 -- [VirtualCorps Webinar: Leveraging the CDFI Certification to Increase Community Impact and Relevance](#)

October 7 -- [VirtualCorps Webinar: The Well-Access to Unlimited Business Communication Problem-Solving Insights](#)

October 14 -- [VirtualCorps Webinar: Big, Balanced and Sustainable Loan Growth](#)

October 21 -- [Teller Training for Frontline Staff](#)

November 5 -- [Lending Roundtable: Lending Best Practices](#)

November 5 -- [Collections Roundtable \(Afternoon Session\): Collections Best Practices](#)

Industry Events

September 9 -- [Southern Chapter Meeting: Risk Management](#)

September 9 -- [NJ/NY Sister Society Meeting of the GWLN](#)

September 9 -- [South-Central Chapter Meeting: cuGreenLoans](#)

September 10 -- [Miracle Jeans Day](#)

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 20 -- [Affinity Federal Credit Union Foundation's Run for Scholars Twilight 5K & Kids' Fun Run](#)

September 21-23 -- [NJCUL's 80th Annual Meeting & Convention at Trump Taj Mahal](#)

October 16 -- [International Credit Union Day](#)

October 16 -- [Shop for Miracles](#)

2015

April 13-15 -- CU Reality Check at the Golden Nugget Hotel & Casino
in Atlantic City

[[BACK TO TOP](#)]

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