

**Subject:** The Daily Exchange -- September 8, 2014  
**Date:** Monday, September 8, 2014 12:12 PM  
**From:** New Jersey Credit Union League <news@njcul.org>  
**Reply-To:** news@njcul.org  
**To:** staff@njcul.org  
**Conversation:** The Daily Exchange -- September 8, 2014

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September 8th, 2014

Today's News:

- › Collaborative Connection: FedSeat4CUs
- › Marianne Melanson from Affinity FCU is the Final Gift Card Winner; League Communications Survey Raises \$1,620 for CMNH!
- › CUNA *American Banker* Column Refutes ABA Chief's Assertions
- › Back to School Spending Increases 9.2% Among CU Members
- › What CUs Can Expect as Congress Returns with Limited Pre-Election Schedule
- › How Can Your CU Leverage the CDFI Certification to Increase Community Impact and Relevance?
- › Registration Open for 2015 Development Education (DE) Trainings
- › CUNA Seeks Meeting with FHFA on FHLB Membership
- › Business Growth Summit

## Collaborative Connection: #FedSeat4CUs

**By:** Greg Michlig, President/CEO

In my previous blog post, "[Time for a seat at the Fed table](#)," I made what I feel is a compelling statement as to why the time is right for credit unions to pursue representation on the Federal Reserve Board of Governors. I was pleased to see a number of shares and retweets of the post on social media, including some well-known figures from the credit union industry. I have also had some conversations with individuals who support this idea and agree that we must act swiftly if we are to capitalize on this opportunity...[More](#)

[ [BACK TO TOP](#) ]

## Marianne Melanson from Affinity FCU is the Final Gift Card Winner; League Communications Survey Raises \$1,620 for CMNH!

HIGHTSTOWN, N.J. – The New Jersey Credit Union League is proud to announce the final winner of its Communications Survey contest: Marianne Melanson from Affinity FCU won the last \$150 gift card. Congratulations!

The League also donated \$5 to Children's Miracle Network Hospitals for each completed survey, raising a total of \$1,620 for CMNH. Thank you to all who participated!



Business Growth Summit  
Attracts Small Business  
Owners in Northern NJ  
› Chase Breach  
Investigation: Any Answers?  
› Credit Unions, Mark Your  
Calendars

## Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

Mark your calendars!  
The final ELS session of  
2014 will take place  
Tuesday, November 4th  
at the League office.

Hear from John Best  
on "Financing  
Innovation. This session  
will help participants  
identify emerging  
financial technology  
such as mobile  
payments, wearable  
technology, emerging  
mobile cross channel  
opportunity and the  
future of credit union  
branches.

Click [here](#) for more  
information and to  
register.

Upcoming Events:

## WHICH COMMUNICATIONS ARE FOR YOU?

[ [BACK TO TOP](#) ]

### CUNA American Banker Column Refutes ABA Chief's Assertions

WASHINGTON – The real reasons behind credit unions' success are their cooperative ownership structure as well as a good amount of public trust, reminded CUNA interim President/CEO Bill Hampel.

In a Friday *American Banker* [column](#), Hampel responded to American Bankers Association (ABA) President/CEO Frank Keating's rehashed "talking points" on credit unions' tax status. Keating's comments were published in a Sept. 3 *American Banker* "BankThink" [piece](#).

"Because of credit unions' cooperative ownership structure, any excess profits they earn are redirected back to all members in the form of lower loan interest rates and higher savings yields," Hampel said, adding, "In fact, funneling profits back to members is exactly what credit unions were formed to do in the first place—and that is why credit unions have the tax exemption."

Credit unions were chartered with the goal to ensure consumers have access to affordable financial services, he said.

And, credit unions are succeeding in their mission, Hampel said. Earlier this summer, credit unions marked 100 million memberships—a milestone "built on several years of very strong membership growth ...driven in part by growing consumer dissatisfaction and distrust of banks in the aftermath of the financial crisis."

Last week, the Chicago Booth/Kellogg School Financial Trust Index reported credit unions with a higher trust score than banks, with about 60% saying they find credit unions trustworthy, and only 30% say they trust big, national banks.

"Perhaps Mr. Keating always comes back to his talking points on taxes because it is easier to criticize credit unions than admit to losing ground to them," Hampel said. "The data shows consumers are increasingly turning to credit unions for financial services.

"Bankers try to change the subject to taxing credit unions, but maybe it is consumers who are really changing the subject—with their feet, by walking into credit unions.

[ [BACK TO TOP](#) ]

### Back to School Spending Increases 9.2% Among CU Members

**CO-OP, Saylent Track Debit Card Purchasing at 25 Merchant**

September 10, 2014  
Webinar: Writing Effective  
Credit memos & Loan  
Narratives  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

September 16, 2014  
VirtualCorps Webinar:  
Leveraging the CDFI  
Certification to Increase  
Community Impact and  
Relevance  
3:00 pm to 4:00 pm  
[More Information Click Here](#)

September 17, 2014  
Webinar: Electronic  
Business Records: 7-Step  
Strategy for Effective &  
Compliant Record  
Management  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

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### Types During August

RANCHO CUCAMONGA, Calif., and FRANKLIN, Mass. – Back to school spending in anticipation of the 2014-15 school year was robust in August, with a 9.2% increase recorded across 25 merchant types compared to August 2013.

Merchants offering computer software, stores selling elementary/secondary school supplies, and bookstores were particularly busy leading up to Labor Day, according to an analysis of debit card transactions by CO-OP Financial Services and Saylent.

“An increase in the number of transactions—up 7.9%—holds the key to the 9.2% spending increase,” said Stan Hollen, President/CEO of CO-OP. “The amount-per-transaction rose only 1%, \$50.72 in 2014 from \$50.12 in 2013. So, credit union members were individually spending about the same amount, but there were more members making back-to-school purchases this year.”

This analysis of sales is based on transactions made during August, with results covering debit card activity nationwide by members of credit unions that use CO-OP for transaction processing. The year-over-year comparison was performed through an advanced analytics solution, CO-OP Revelation, powered by Saylent, and was conducted by Saylent’s Insight360 consulting team.

Among the highlights of the CO-OP Revelation data:

- Total spending at the selected back-to-school merchant categories for August 2014 was \$715.2 million compared to \$654.9 million in August 2013, a 9.2% increase. The total number of transactions recorded in 2014 was 14.1 million versus 13.067 million in 2013, a 7.9% transaction increase.
- Computer software was the merchant category with the biggest jump in 2014 compared to 2013, with spending up 44.3% and transaction volume up 48.5%.
- Elementary/secondary school supplies stores achieved a spending increase of 29.3% and a transaction increase of 39.7%.
- Bookstores realized a 20.1% increase in spending and a 24.1% increase in transactions.
- Telecom spending rose 16.5% and transactions increased by 15.5%.
- Department and stationary stores are the only groups where spending and transaction volume dropped in 2014 compared to the previous year.

“CO-OP Revelation provides detailed and timely analysis on card usage to enable the credit unions to better understand what motivates their members,” said Tyson Nargassans, president and CEO of Saylent. “Whether those payment analytics are used to develop offers on those purchases preferred by parents and students in back-to-school mode, or to help mitigate fraud related to a major breach, CO-OP Revelation allows participating credit unions to serve their members better every day.”



For more information on CO-OP Revelation, visit [www.co-opfs.org](http://www.co-opfs.org).

[ [BACK TO TOP](#) ]

## What CUs Can Expect as Congress Returns with Limited Pre-Election Schedule

WASHINGTON – The U.S. House and Senate are back in session this week. With Congress meeting for less than a dozen days before November's election, CUNA is gearing up to push forward on a number of regulatory relief bills, as well as highlight the importance of the credit union system.

"We'll be talking to Congress about credit unions' 100 million memberships milestone, as well as encouraging them to take final action on key regulatory relief legislation and urge them to exercise thorough oversight of NCUA as the agency works to finalize its risk-based capital proposal," said Ryan Donovan, CUNA's senior vice president of legislative affairs, in a recent legislative update for CUNA members. He added that, despite reports of gridlock in Congress, "we can't just throw our hands up and abandon our efforts."

Those efforts include informing lawmakers about the success of CUNA's 100 million memberships campaign, which Donovan called an opportunity to "reinforce to legislators that credit unions continue to play a critical role in the financial lives of their constituents."

Congress will adjourn Sept. 19, and if federal lawmakers return before the election, it will likely only be for major items, such as funding the government in the next fiscal year, which begins Oct. 1. Other major considerations include possible legislation relating to ISIS in the Middle East and the events that unfolded last month in Ferguson, Mo.

Donovan said that the Senate and House both have "months' worth of legislation on their calendars," which he said means it's "highly unlikely" CUNA priorities such as tax reform, patent reform, and housing finance are heard before the end of the year.

There are several CUNA-supported bills that could be passed by the end of the year, and others that Donovan said CUNA hopes to make progress on this month.

The following topics have bills that have been passed by the House and are pending in the Senate:

- Privacy notification (S. 635/H.R. 749). This would eliminate the requirement for credit unions to send members annual privacy notices by mail, provided the credit union has not changed its privacy policy;
- Interest on lawyer trust accounts (IOLTA) (S. 2699/H.R. 3468). IOLTAs are used by attorneys to hold client funds during proceedings. CUNA believes the Federal Credit Union Act gives NCUA authority to extend share insurance coverage to funds in IOLTA accounts, even if funds are not owned by member of that credit union. The NCUA disagrees. so CUNA

asked congress to change the law to make it clear that the agency does have the authority; and

- Eligibility of privately insured credit unions to join the Federal Home Loan Bank Program (S. 1806/H.R. 3584). The bill would correct a drafting error that kept privately insured credit unions from joining the FHLB. CUNA is working with bill sponsor Sen. Sherrod Brown (D-Ohio) and senators of states with such credit unions to get the bill passed by the Senate before the Sept. 19 adjournment.

Donovan said that if the bills are passed by the Senate this month, it is likely President Obama will have the opportunity to sign them before the end of the year if they are not amended.

There are also two bills Donovan said CUNA is hoping to make progress on in September. Those bills are:

- The Regulation D Study Act (H.R. 3240), which would direct the Government Accountability Office to study how the Federal Reserve uses Regulation D to conduct monetary policy. CUNA hopes the study will lead to a reduction or elimination of the limit of six automatic transfers from savings to checking accounts per month. The cap has been reported to cause credit union member confusion and assessment of unnecessary fees when the cap is reached, even if the funds are available. Donovan said if the House passes the bill this month, CUNA will aim to get Senate approval in the post-election session; and
- The Mortgage Choice Act (S. 1577/H.R. 3211), which would exclude points and fees associated with affiliated companies for purposes of determining whether or not a mortgage meets the CFPB's qualified mortgage definition under its ability-to-repay rule. CUNA has been working on the bill since the early days of this Congress, and Donovan said legislators might be hesitant to add amendments to the Dodd-Frank Act.

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

## How Can Your CU Leverage the CDFI Certification to Increase Community Impact and Relevance?

**VirtualCorps.com™**

The US Treasury Department's CDFI Fund was established in 1994 to provide resources to community development financial institutions (CDFIs). Since its inception, eligible credit unions have received over \$130 million in awards. A growing number of credit unions is embracing

this certification to tap into external resources, differentiate themselves in the marketplace and establish strategic partnerships with public and private entities operating in the low income/financially underserved space.

The September 16th VirtualCorps Webinar session “Leveraging the CDFI Certification to Increase Community Impact and Relevance” will provide an overview of CDFI certification requirements and the process to apply for the certification. Participants will learn about the benefits it brings to credit unions and will gain an understanding of resources available to CDFI certified credit unions.

This session is ideal for credit unions who are low income designated and want to learn more about how accessing external resources and strategic partnerships in low-wealth communities.

**Speaker:** [Pablo Defillipi](#)

**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](#).

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

## Registration Opens for 2015 Development Education (DE) Trainings

***First Two CU Philosophy Programs to be held by NCUF in Texas & Wis.***

MADISON, Wis. – Registration is now open for the first two Credit Union Development Education (DE) trainings of 2015, with the third opening up early next year. This is the second time in a row that three DE Trainings will be held in a single year, with the first program taking place January in Dallas, Texas followed by trainings in the Spring and Fall in Madison,



Wis. Attendees of the National Credit Union Foundation’s (NCUF) six-

day total immersion experience will learn about credit unions' social responsibility and domestic and international development through interactive education and professional networking.

The next DE Training is set for September 10-17, 2014 in Madison, Wis. and has been sold out for a few months. Registration for each training is limited to just 42 attendees. ([Watch & read testimonials here.](#))

### **2015 Locations & Registration**

The first DE training will take place January 14-21, 2015 at the American Airlines Training & Conference Center in Dallas, Texas. The next two trainings will be held April 29-May 6, 2015 and September 9-16, 2015 at The Lowell Center, which is part of the University of Wisconsin campus in Madison, Wis.

The registration fee includes seven nights of single-room lodging, as well as all training materials and meals. Scholarship information is included on the registration page as many state credit union foundations and leagues offer scholarships to DE Training in addition to the national DE scholarship offered.

Registration for the first two trainings of 2015 can also be found on the NCUF website by clicking the "[Register for DE Training](#)" button on the homepage or anywhere on the website under "Foundation Programs>Development Education>[Register for 2015 DE Trainings](#)" at the top of every page.

[ [BACK TO TOP](#) ]

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## **CUNA Seeks Meeting with FHFA on FHLB Membership**

WASHINGTON – CUNA has requested a meeting with Federal Housing Finance Agency (FHFA) Director Mel Watt regarding the agency's new Federal Home Loan Bank (FHLB) membership proposal to follow up on concerns of credit union parity and other issues. CUNA also met with FHLB representatives last week to discuss concerns and how efforts could be maximized to address issues with the proposal.

The proposal would require all credit unions to hold 10% of assets in residential mortgage loans on a constant basis to become and remain members of the FHLB system. Currently, the rule requires the 10% to be held only at the time membership is approved.

CUNA said the proposal "could create significant barriers to credit union membership in FHLBs," in a letter sent to Watt and signed by CUNA interim President/CEO Bill Hampel. The letter went on to cite the critical role FHLBs play as a source for credit union liquidity.

"The FHFA has not explained why this proposal should be processed on an accelerated basis and thus, we are not aware of the need to expedite it now, particularly since the Advance Note of Proposed Rulemaking was initially issued almost four years ago," the letter reads.

The proposed rule would require all credit unions to hold the 10% in residential mortgage loans, but only certain banks, due to a statutory

limitation in the Federal Home Loan Bank Act. CUNA is concerned that the rule raises parity concerns by placing credit unions under a more burdensome set of rules.

In addition, CUNA has requested an additional 60 days for the comment period on the proposed rule, saying the extra time is "needed to ensure a more open dialogue concerning the need for the proposal and the very serious policy issues embedded in it."

"The allotted 60-day comment period is not enough time to review the proposal, summarize it, distribute it to our members, allow them time to review it, and work with them to develop our response, given the important policy issues involved," Hampel wrote.

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

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## **Business Growth Summit Attracts Small Business Owners in Northern NJ**

### ***North Jersey Federal CU to Host Event to Boast Business' Ability to Grow***

PASSAIC COUNTY, N.J. – North Jersey Federal Credit Union is excited to host its 4th Annual Passaic County Small Business Growth Summit on Wednesday, September 17, 2014. Last year, over 100 business leaders and small business owners attended, making the event a huge success. The summit is FREE and is a great opportunity for small business owners to come together and network and learn about new resources to help them grow their business.

The summit is offered in two parts. The first is a presentation by the keynote speakers who will discuss free resources they may find in Passaic County. Business mentoring, strategic planning, financing options, growth strategies and more will be discussed at a presentation and Q&A session. The second part of the summit will be a networking area where small business owners will meet and greet other small business owners. The intent is to provide opportunities for people to grow their businesses and meet new clients/customers or to find new resources.

This year's keynote speakers will be Kate Muldoon, Regional Director of William Paterson University, Small Business Development Center, and Richard Garcia, VP of Lending at North Jersey FCU.

Kate Muldoon has been working as Executive Director at the William Paterson University Small Business Development Center since June 2004. As Director, Kate offers small business owners the assistance they need to plan and develop successful and profitable ventures by offering training, individual counseling, and hands-on workshops in all aspects of entrepreneurship.

Richard Garcia is a banking executive with a very diverse background in commercial and residential lending. Richard specializes in providing financial business solutions to small and medium size companies, in the Northern New Jersey and New York City markets. The summit will be held on Wednesday, September 17, 2014 from 6:00-8:00 p.m. at North Jersey Federal Credit Union headquarters located at 711 Union Blvd. in Totowa, N.J.

To register click [here](#).

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

## Chase Breach Investigation: Any Answers?

### *CUInfoSecurity Discusses How Even an Unconfirmed Incident Can Hurt an FI's Brand*

A week after news reports first surfaced about a suspected cyber-attack against U.S. banking giant JPMorgan Chase & Co., the bank has yet to confirm whether hackers did, indeed, breach its network, a [column](#) on CUInfoSecurity points out.

So far, Chase has only said that it's investigating the possibility of an attack, and that it has multiple layers of defenses in place to monitor for fraudulent activity that would indicate a breach.

But Al Pascual, director of fraud and security for consultancy Javelin Strategy & Research, says continued speculation about the yet-to-be-confirmed breach could hurt the bank's reputation.

"My concern here is that even alluding to the idea [of an attack or breach] could have a serious effect on the confidence that consumers and businesses have in some of our largest institutions," he says. "This is as much an attack on the integrity of our institutions as it is on the public's trust in them."

Pascual likens the allegations about a [cyber-attack](#) against Chase to the distributed-denial-of-service attacks that targeted leading U.S. banks in 2012 and 2013. Those attacks were waged to breed fear, not perpetrate fraud, he says.

Making allegations about an attack against the biggest U.S. bank can "create an environment of fear around one of the cornerstones of our national strength," Pascual says.

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

## 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**

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: Bid. Balanced and Sustainable](#)

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[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 17 -- [North Jersey FCU's 4th Annual Passaic County  
Small Business Growth Summit](#)

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 20 -- [First Financial Foundation Food Truck and  
Restaurant Birthday Bash Fundraiser](#)

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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