

Subject: The Daily Exchange -- September 17, 2014
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From: New Jersey Credit Union League <news@njcul.org>
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To: staff@njcul.org
Conversation: The Daily Exchange -- September 17, 2014

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The Daily Exchange

September 17th, 2014

Today's News:

- › NJCUL Chair McFadden, CUNA Chair Pierce Testify Before Senate Banking Committee
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NJCUL Chair McFadden, CUNA Chair Pierce Testify Before Senate Banking Committee

WASHINGTON – NJCUL Chairman and XCEL FCU President/CEO Linda McFadden told a congressional committee yesterday that many credit unions are afraid to bring their regulatory concerns to NCUA.

“They came out with a [risk-based capital] proposal that was so off the wall that they knew it was going to cause a stir within the credit union movement,” McFadden said at a Senate Banking, House and Urban Affairs committee hearing.

Instead of getting credit unions involved in the process, making adjustments, and re-proposing the rule, McFadden said the agency is doing everything alone.

“That’s not a collaborative working environment. So when they draw lines in the sand like that, credit unions are afraid to come forward and take their issues to the NCUA because they know they are very closed minded about it,” McFadden, who testified on behalf of NAFCU, told Sen. Sherrod Brown (D-RI).

She also questioned why the agency has not used its waiver authority for member business lending.

“They have the ability to use a waiver for member business lending. They don’t exercise that right. That’s just one of the number of things that they have at their disposal that they just fail to use,” McFadden said.

“They have those tools in their toolbox but they never pull them out, or if they do, the waiver process is so complicated and so long, I’ve lost that member business loan before I ever had a chance to book it because the process took too long,” she added.

FORUM

› NCUA's Fazio Testifies on Agency's Efforts to Provide Reg Relief, Streamline Examinations and Offer Assistance

› Credit Unions, Mark Your Calendars

Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

Next ELS Session "Financing Innovation" on November 4th

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 opportunities, and the future of the credit union branch.

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

CUNA Chairman Dennis Pierce, president/CEO of the \$2 billion CommunityAmerica Credit Union in Lenexa, Kan., said NCUA's proposal does not properly evaluate the risk-based nature of capital.

"It doesn't include access to supplemental capital or other resources that I think would be a great add for credit union members so I think they try but I don't think they get there," he said.

Larry Fazio, director of the Office of Examination and Insurance at the NCUA, told the committee the NCUA should have examination and enforcement authority over third party credit union vendors.

"They're not only examining once, but they're examining it with every credit union that uses that CUSO, so why do they need to overstep the bounds and go into that entity and review them again. Is not reviewing them five or six or 10 times not sufficient?" McFadden said.

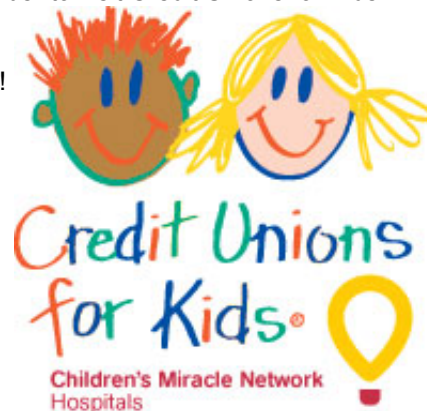
Pierce said most third-party vendors do not pose a huge risk to credit unions.

An archived stream of yesterday's hearing is available [here](#).

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Convention Corner: Support CMN and Score Great Items at the Credit Unions for Kids Silent Auction!

ATLANTIC CITY, N.J. – Remember to visit Credit Unions for Kids in the Exhibit Hall during the following hours to bid on some great prizes in the silent auction!



Proceeds benefit Children's Miracle Network Hospitals local beneficiaries Children's Specialized Hospital and Children's Hospital of Philadelphia!

Sunday, September 21, 2014
8:00 pm - 10:00 p.m.

Monday, September 22, 2014
7:30 am - 8:30 a.m.
10:00 am - 1:00 p.m.

GLOW

Find Credit Unions for Kids in the Exhibit Hall for a special thank you glowing balloon pin for all credit unions who have achieved Miracle Maker status by raising over \$500 in 2013!

WALK

Nicole Fulmino will be leading a one mile walk on the boardwalk for all Miracle Marathon participants on Monday, September 22nd. Meet Nicole at 6:30 a.m. on the boardwalk behind the Taj Mahal at the start of the pier!

Upcoming Events:

October 9, 2014

**Webinar: Frontline Series:
Reg E for the Frontline:
Compliance & Guidance for
Error Resolution**
3:00 pm to 4:30 pm
[More Information Click Here](#)

October 14, 2014

**VirtualCorps Webinar: Big,
Balanced and Sustainable
Loan Growth**
3:00 pm to 4:00 pm
[More Information Click Here](#)

October 16, 2014

**International Credit Union
Day & Shop for Miracles**
[More Information Click Here](#)

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Connect with Us:



Volunteers Needed for the October 9th Reality Fair at Ocean County College in Toms River

TOMS RIVER, N.J. – We're gearing up for a great Reality Fair on Thursday, October 9th at the Ocean County College main campus in Toms River. We held a small pilot Fair at the college's Southern Education Center in Manahawkin in April and the program has now expanded to the main campus.



Details are below. Please contact Matt Brazinski to sign-up to volunteer. The schedule of the Fair is still being finalized, but it will be a full-day event. Even if you can only volunteer for a half day, we'd appreciate any time you could give!

Thursday, October 9, 2014

Time: TBD (Full day)

Ocean County College (main campus)

1 College Dr
Toms River, NJ 08754

Credit Union Contact:

Matt Brazinski
Business Development Manager
First Financial FCU
MBrazinski@firstffcu.com
732-312-1421

Also, please mark your calendars for the Ocean County College Southern Education (SEC) Reality Fair on Monday, November 10th. This will also be a full-day Fair with more details to follow. Please contact Matt Brazinski at First Financial FCU at MBrazinski@firstffcu.com to sign-up to volunteer.

Study: CUs Lead in Free Checking

LAKE FOREST, Ill. – Consumers have fewer choices in checking accounts, according to a study by Moebs Services, but the type offered by credit unions is the most in demand: free.

Only six years ago the number of checking accounts offered was 11 or more, according to the Moebs report. Consumer accounts have quickly evolved to three basic types: interest, free and basic. Banks are moving quickly to interest or basic checking, while credit unions offer mainly free checking.



About 79.6% of credit unions offer free checking, compared with 47.9% of banks, according to the Moebs study, which took place between January and June 2014.

Financial institutions reduce the types of checking to simplify sales and marketing efforts, and also to lessen maintenance costs especially in compliance matters, the Moebs study said. About 97% of financial institutions lose money by offering checking. Banks are moving away from the transaction orientation of free checking and embracing a balance-and-fee approach tied to relationships.

For example, about 78.3% of national banks offer checking with interest but require an average monthly balance to avoid a fee.

For all financial institutions, the price reflected in the balance required to avoid a fee is almost \$700 for basic checking. Related fees, if charged, are about \$7 per month on average. Interest checking requires almost three times the required balances of basic checking and costs more than \$9 per month if charged.

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Today's *Hill* Forum to Examine Financial Services Landscape

WASHINGTON – Those interested in a legislative and regulatory look at the financial services landscape can still register to view *The Hill's* forum online today. The publication will host the CUNA-sponsored forum to feature discussion of the policy implications of "the new financial services landscape."

Reps. Denny Heck (D-WA), Brad Sherman (D-CA), and Rob Woodall (R-GA) will speak to *The Hill's* Kevin Cirilli about the financial services landscape from a lawmaking perspective. Rep. Ed Royce (R-Calif.) was previously scheduled to appear but has a prior legislative commitment.

CUNA interim President/CEO Bill Hampel, Steve Pociask of the American Consumer Institute, and Will Marshall of the Progressive Policy Institute will discuss the regulatory burden facing credit unions, and the credit union movement's future after reaching 100 million memberships.

The event begins at 1:45 p.m. today and will be streamed online.

The live online stream is available [here](#).

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Why Your CU Needs CBSV to Prevent Fraud and ID Theft

Tuesday, October 7th
3 p.m. to 4 p.m.

VirtualCorps.com[™]

Since 2002, Consent Based SSN Verification (CBSV) from the Social Security Administration (SSA) has been the pre-eminent validation service nationwide. CBSV matches Name, SSN, Date of Birth, and Death Indicator to governmental source data. This service mitigates fraud and identity theft for all credit union purposes.

By providing direct and instant access to the SSA database, your CU will receive the most accurate and superlative data available, which reduces losses and safeguards your CU and your member's interests.

Hear about why your credit union needs CBSV at the October 7th Virtualcorps Webinar from 3 p.m. to 4 p.m.

During this Webinar, Chuck Salvia, EVP/COO at Computer Information Development (CID), an Authorized SSA Agent and IRS Participant company, will help you:

- Learn an easy-to-implement solution to reduce fraud and identity theft
- Protect your vital business interests with Absolute Validation of personal identifiers
- See how simple it is for thieves to create a "new credit profile"
- Gain access to the official governmental record resources of the SSA Master File and Death Index
- Instantaneous web-based results will identify unauthorized applicants and will minimize losses

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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**Rep. Holding Says 2nd RBC Comment
Period Needed**

WASHINGTON – Rep. George Holding (R-NC) encouraged NCUA to open a second comment period for its risk-based capital proposal in a letter sent Tuesday.

Holding, who currently serves on the House subcommittee for regulatory reform and antitrust law, said a second comment period should happen "regardless of whether it is required under the Administrative Procedures Act."

CUNA has also urged the agency to provide a second comment period before the rule is finalized.

NCUA Chair Debbie Matz stated over the summer that the proposal would not be re-opened for a second comment period unless the agency's general counsel found that it was required to do so under the aforementioned act.

In addition to questioning the authority that gives the NCUA the ability to enact such a rule, Holding asked for an explanation as to why the proposed rule has a well-capitalized requirement in addition to Congress's adequately capitalized standard.

"Protecting the American taxpayer by ensuring credit unions remain solvent in the worst of economic conditions should always be the top priority of the NCUA," Holding wrote. "The National Credit Union Share Insurance Fund performed well during one of the worst economic recessions in our country's history, which many attribute to prompt corrective action standards that were put in place by Congress in 1998."

Holding says the rule, when it is finalized, "should not unduly burden credit unions nor adversely affect healthy credit unions' ability to meet the needs of their members."

A former U.S. attorney, Holding joined the more-than 330 representatives to weigh-in on the risk-based capital proposal. Twenty-seven senators have also written to the NCUA with similar concerns.

Audio recordings of NCUA's 2014 Listening Sessions at which its RBC proposal dominated the discussions are available [here](#).

RBC comments letters from New Jersey credit unions and the League are available [here](#).

CUNA's Risk-based Capital Action Center is available [here](#).

Additional information on CUNA's and the NJCUL's legislative and regulatory advocacy efforts is 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*.

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Help Members Shop for Miracles

Shop for Miracles is a new and exciting, one-day national Credit

Unions for Kids fundraiser in celebration of World Council of Credit Union's International Credit Union Day®!

It is easy to participate:

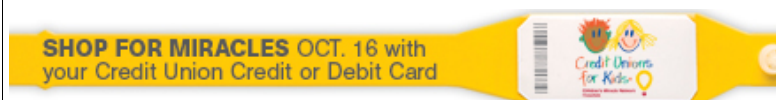
1. Pledge to donate \$0.25 (or other set amount) each time your members use their credit and/or debit cards on October 16
2. Encourage members to "Shop for Miracles" on International Credit Union Day
3. Make miracles for local kids!

There are many reasons to get involved:

- Support CU4Kids and your local CMN Hospital
- Encourage members to make your cards top of wallet
- Showcase your credit union's commitment to your community
- Celebrate *Local Service. Global Good.* this year's International Credit Union Day theme

Turn your members' debit and credit card purchases into miracles! Pledge to participate in **Shop for Miracles** today:

www.CU4Kids.org/ShopForMiracles



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Checking Account Screening Topic of CFPB Forum

WASHINGTON – Checking account screening policies and practices will be the subject of a Consumer Financial Protection Bureau (CFPB) forum Oct. 8. Checking account screening is often used by financial institutions to look into a consumer's checking history before opening a new account.

According to the bureau, the event will be "a discussion on how checking account screening policies and practices impact consumers. The event will inform the dialogue around how the screening system works and how to improve the availability of information and products for consumers."

There will also be discussions about current checking account screening practices, the effect these practices have on consumers' ability to acquire and use checking account products, and the availability of such products and services that meet their needs.

CFPB Director Richard Cordray will speak, and there will be presentations from consumer groups, federal and local elected officials and industry representatives.

The event will take place Oct. 8, from 8:30 a.m. to 2 p.m. (ET) at the Kellogg Conference Center at Gallaudet University. Registration is

required and must be received by Oct. 2

Additional information and registration is available [here](#).

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NCUA's Fazio Testifies on Agency's Effort to Provide Reg Relief, Streamline Examinations and Offer Assistance

ALEXANDRIA, Va. – The challenges faced by small credit unions require the NCUA to continually examine options for providing regulatory relief, the agency told members of the Senate Banking Committee Tuesday.

Larry Fazio, NCUA's Director of the Office of Examination and Insurance, testified at the Committee's hearing, "Examining the State of Small Depository Institutions." The testimony is available online [here](#).

"With one-third of credit unions having less than \$10 million in assets and two-thirds of credit unions having less than \$50 million in assets, NCUA is acutely aware of the importance of scaling its regulatory, supervisory, and assistance programs to address the unique circumstances of small credit unions," Fazio said.

"The agency has also made significant progress in considering the concerns of small credit unions during the last five years. Where the rules that affect small credit unions are within the agency's control, and where regulatory exemptions and tailored rules would not significantly affect safety and soundness, NCUA has taken proactive action to ease those burdens."

NCUA strives to ensure that rulemaking is reasonable and cost-effective, and the agency has taken several steps to provide relief for small credit unions, according to the agency, including, in January 2013, updating the definition of "small entity" from the previous ceiling of less than \$10 million assets to less than \$50 million in assets. That rule nearly doubled the number of small credit unions.

NCUA subsequently provided regulatory relief to small credit unions in several ways, including:

- Exempting small credit unions from risk-based net worth requirements and the associated prompt corrective action mandates.
- Excluding small credit unions from the requirements of the interest-rate risk rule.
- Scaling new liquidity rules so small credit unions are required to have a written liquidity management policy, rather than a formal plan or requiring access to a contingent federal source of liquidity.
- Streamlining the examination program for smaller credit unions that are financially and operationally sound.

In addition to providing regulatory and supervisory relief, Fazio said, NCUA makes several assistance programs available through its Office of Small Credit Union Initiatives. The office provides one-on-one consulting in strategic management and operations, loans and grants, targeted training and partnership and outreach.

Fazio said Congress has several legislative tools that can help NCUA and small credit unions improve service to credit union members, including providing greater flexibility in writing rules to implement new laws, amending the Federal Credit Union Act to give the agency authority to streamline field-of-membership changes and better reach underserved communities and modifying the current cap on member business lending.

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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

October 7 -- [VirtualCorps Webinar: Why Your CU Needs CBSV to Prevent Fraud and ID Theft](#)

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 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 7 -- [3rd Annual Affinity Federal Credit Union Foundation Casino Night](#)

October 9 -- [Reality Fair at Ocean County College \(main campus\)](#)

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

October 15 -- [International Great Open Day](#)

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

November 10 -- [Reality Fair at Ocean County College Southern Education \(SEC\)](#)

2015

April 13-15 -- [CU Reality Check at the Golden Nugget Hotel & Casino in Atlantic City](#)

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